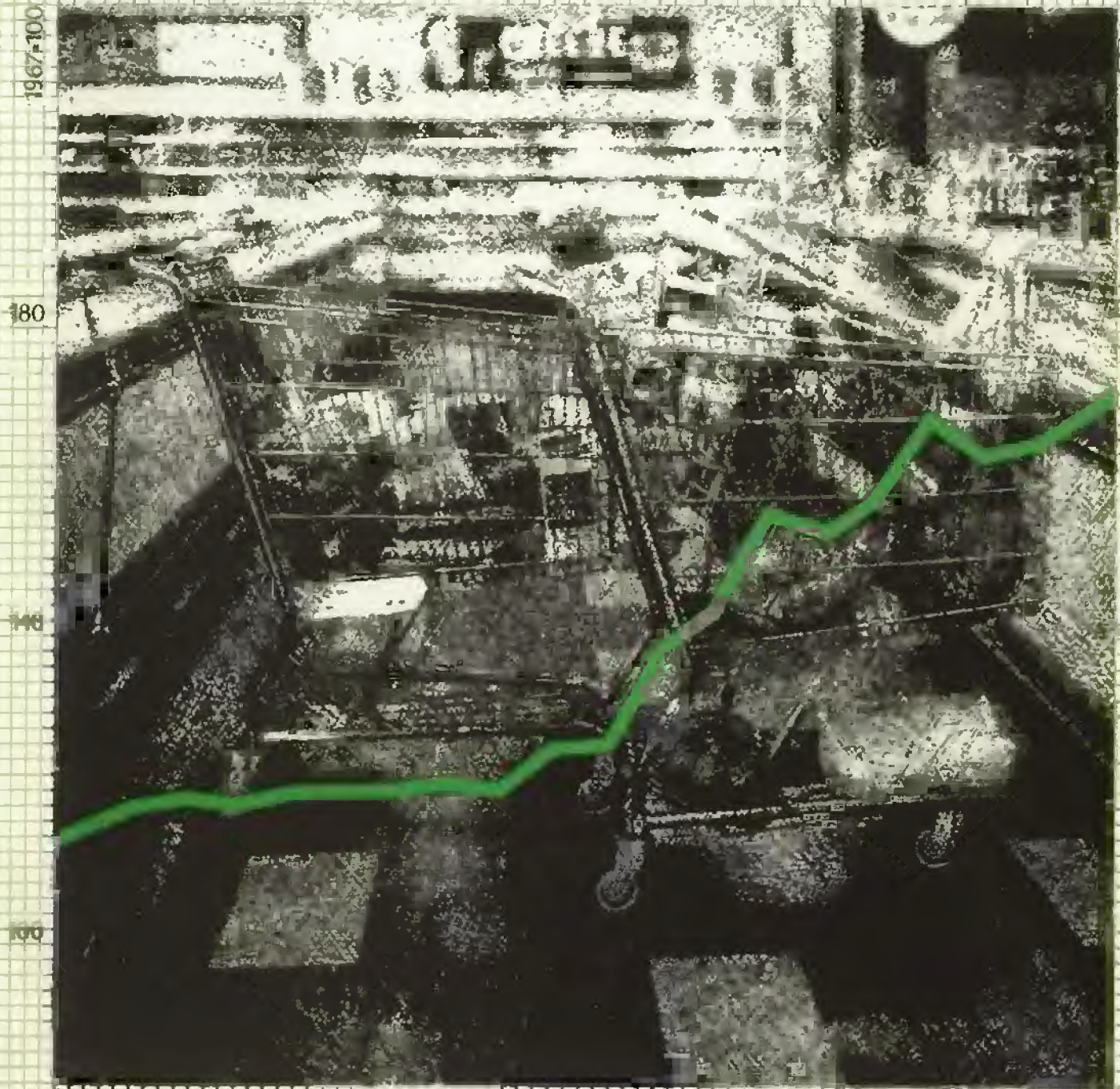


AGRICULTURAL OUTLOOK

UNITED STATES DEPARTMENT OF AGRICULTURE · ECONOMIC RESEARCH SERVICE · AO-7



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AO-7

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AGRICULTURAL OUTLOOK

Widening farm-retail marketing spreads will again account for much of the rise in this year's food prices. However, the gain in spreads may be less than 1975's 9 percent rise, chiefly due to some easing in the rate of gain for prices of materials and services purchased by food marketing firms.

Farm-retail spreads rose substantially during the closing months of 1975. Retail food prices continued to edge upward from October to December, while farm prices of many food products were declining. Increases in spreads were especially large for beef and pork in October-November, although spreads fell in December for both meats. Spreads for most processed foods increased late last year.

For all of 1975, rising marketing spreads accounted for almost three-fourths of the rise in retail food prices. Moreover, wider marketing spreads for crop products accounted for most of the rise in total farm-to-retail spreads and for two-thirds of the rise in retail prices of farm foods.

Retail food prices are expected to rise around 1 percent each quarter during the first half of 1976, but continue some 6 to 7 percent above first half 1975. For all of 1975, retail food prices averaged about 8½ percent above the previous year, compared with average increases of around 14½ percent in each of the 2 previous years.

Some rebound in per capita food consumption is indicated this year since supplies of most food products are larger. Abundant 1975 crop production will boost crop supplies through most of 1976. Production of most livestock products (except pork) in January-June 1976 will be up from a year ago. Beef production may be up around 5 to 6 percent, and more beef will be from grain-fed cattle. Broiler output is likely to be up a tenth, while egg and milk production could increase around 1 percent. Producers indicate more pork is on the way, but it will be the second half of this year before these larger supplies show up in the marketplace.

Prices of most farm commodities have leveled following declines from their autumn peaks. With larger livestock output, market prices of cattle, hogs, and broilers slipped from the highs of last fall. Hog and broiler prices have steadied in recent weeks, but cattle prices weakened again in late January. However, prices of most livestock and products remain above year-earlier levels.

Large crops accompanied by favorable

weather at harvest put downward pressure on grain and soybean prices last fall. However, these prices have firmed since mid-December as the large supplies are being worked off by increased domestic demand and continued strong export movement. As supplies move into consumption, we may see continued modest seasonal price strength for grains and soybeans in coming months.

Feeding margins remain favorable, thus encouraging livestock and poultry producers to step up grain feeding.

Export movement of U.S. grains continues heavy, and foreign demand is expected to stay strong this marketing year. Through December of the current marketing year, exports of corn, wheat, and soybeans combined were up around a third from year-earlier levels. Because of the sharp drop in grain and soybean prices since last fall, the value of exports in fiscal 1976 likely will be down considerably from the \$22.7 billion estimated earlier. However, export volume will still be a record high.

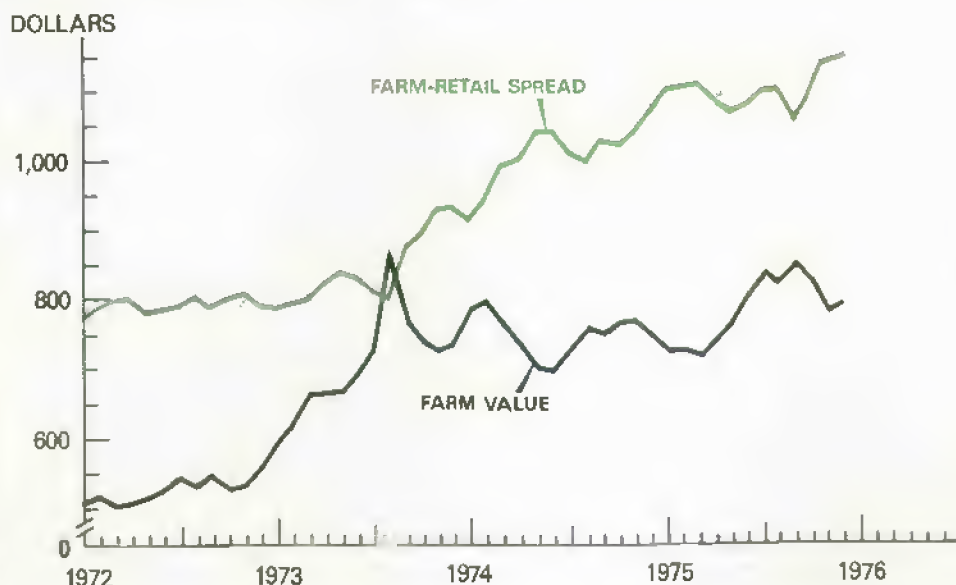
With a record outturn of farm products in 1975 and expanded domestic and foreign markets, the income of farmers—which reflects sales as well as the changes in value of farmers' stocks—held close to 1974 levels. Higher prices for livestock and products resulted in some 5 percent larger livestock receipts. Record 1975 crops were 11 percent

above the weather-reduced 1974 crops. Despite the stronger export demand, crop prices fell last fall as the abundant crops were rapidly harvested and moved to market. The stronger demand limited the decline in average crop prices for calendar 1975 to about a tenth below 1974. However, crop receipts in 1975 will not be clear until an evaluation is completed of the seasonal pattern of 1975-crop marketings and how much of the large 1975 crop was carried over in 1976.

Farm production expenses climbed by \$2½ to 3 billion in 1975. Prices of inputs rose around 9 percent in 1975, but farmers cut back on the use of some inputs, including fertilizer and feed.

Livestock prices in the first half of 1976 should continue above a year ago and along with increasing output, will boost cash receipts from livestock and products. Although crop prices are expected to remain under year-ago levels, a larger volume of marketings and generally stronger domestic and foreign demand will help maintain cash receipts. Production expenses will probably continue rising, but at a slower pace. With the gain in cash receipts, the income position of farmers in January-June 1976 likely will continue near the rates of second half 1975 and well above year-earlier levels.

FARM-RETAIL SPREAD WIDENS*



* THE SPREAD IS THE GROSS MARGIN RECEIVED BY MARKETING FIRMS FOR ASSEMBLING, PROCESSING, TRANSPORTING, AND DISTRIBUTING A MARKET BASKET OF FOOD. THE FARM VALUE IS THE GROSS RETURN TO FARMERS FOR EQUIVALENT AMOUNTS OF THESE FOODS.



GENERAL ECONOMY

The outlook for the general economy suggests a pattern of growth not unlike past recoveries. After adjusting for the massive inventory swing, the initial phases of the economic recovery have appeared with a revival of consumer demand, with increases in retail trade and some pickup in home buying.

Although the business investment outlook is uncertain, further strengthening in consumer buying and recent gains in corporate profits are favorable for some increase in business investment. Prospective demand increases for 1976 would suggest real growth of around 6 percent with increases in the general price level in the range of 6 to 7 percent. This compares with a 2 percent decline in real output in 1975 and with an inflation rate of 8.7 percent.

Prospective economic growth will increase total employment, but unemployment rates may improve slowly from the recent 8.3 percent rate. The unemployment rate in 1975 averaged 8.5 percent.

However, the basic concern is not with the likely pattern of recovery but rather with the degree of strength and duration of the upturn. With the high rates of personal savings in 1975, there is little doubt that the consumer has the ability to buy at a very rapid rate. However, surveys of consumer confidence, which have indicated slow improvement, have also indicated considerable sensitivity to economic news, particularly concerning inflation. A cautious attitude may contribute to more moderate rates of economic growth than might appear

feasible based on consumer purchasing power.

The reinforcing effect of expanded business investment may be limited until the strengthening in the consumer sector is readily apparent. At that time, non-residential investment including plant and equipment expenditures will extend the recovery process. However, business is likely to be as deliberate as consumers are cautious, which may slow and lengthen the recovery process.

Strength of Recovery in Consumer Pocketbooks

The consumer sector which must continue to carry the recovery through mid-1976 reflects two countervailing elements. The first is the improved liquidity position consumers have achieved over the past year. With per capita disposable income increasing 8.6 percent in 1975, consumers maintained an average 8.3 percent rate of personal savings, the highest in several years. At the same time, consumers were paying off credit debts at a record annual pace while slowing the rate of growth in new installment debt.

This improved liquidity creates a reservoir of consumer buying power. After experiencing a severe recession with rapid inflation, rising unemployment, and eroding purchasing power, consumers may be slow and cautious about reversing their expectations. However, if the rate of inflation continues to slow through early 1976, a much stronger recovery may be in prospect. In the fourth quarter of 1975, the GNP inflation was down to a 6.5 percent rate,

compared with 7 percent in the previous quarter. And the consumer price index increased at an annual rate of 4.8 percent in December, compared to 7.2 percent in November.

Investment Needed to Sustain Recovery

Investment, particularly in new plant and equipment, reflects not only an immediate demand for labor and materials but a confidence on the part of business in expanded future markets. A Commerce Department survey indicated a possible 4 to 5 percent annual rate of increase in capital expenditures in the first half of 1976. However, excess production capacity and the apparent adequacy of plant and equipment facilities do not point to an early renewal of general strength in business investment.

Housing starts have turned sharply upward from the depressed levels in the first quarter of 1975. This is consistent with earlier recoveries when improved consumer demand was reflected early in the housing market. Nonresidential investment reflects this growing confidence of business in a strengthening consumer market. While the housing sector likely will remain healthy, it will depend heavily on developments in financial markets.

Wage Settlements and Financial Markets Key Factors

Consumers are sensitive to inflation, and the slowing of inflation will depend greatly on wage rate increases and gains in productivity. In 1976 at least 4.4 million workers are covered by major collective bargaining agreements that will either expire or permit reopening of wage provisions. The negotiating calendar features four key industries—rubber, trucking, electrical manufacturing, and autos. The wage and benefit packages resolved in these industries will serve as guides for smaller unions for the next several years. Average first-year increases in wage contracts negotiated in last year's light bargaining were around 10 percent. Wage settlements could touch off another round of inflation if not matched by productivity gains.

Financial markets represent another area of uncertainty. As the economy expands, the pressure on financial resources from business investment and housing coupled with debt financing by government (Federal, State, and local) could lead to rising interest rates and a crowding out of private investment. Such a development could choke off the recovery unless Federal Reserve policy remains flexible and adaptive. (Terry Barr)

GNP ESTIMATES REVISED

A major, comprehensive revision of gross national product (GNP) has been completed for the 1946 to 1975 period by the Department of Commerce. The revision incorporates new source data in the national income and product accounts as well as changes in definitions and classifications.

The valuation period for constant-dollar estimates is updated from 1958 to 1972.

The revised estimates show essentially the same trend and cyclical fluctuations in the post World War II period. The average annual growth rate in real GNP from 1948 to 1974 is 3.6 percent in both the revised and previous figures.

The general economic data carried in the Statistical Indicators section of this publication reflects these revisions.



AGRICULTURAL ECONOMY

Consumer markets for food and other agricultural products continue to strengthen as the economy recovers from the deepest recession in postwar history.

Personal consumption expenditures for food were up around a tenth in 1975, a slower growth rate than in 1973 and 1974. The 1975 rise reflected price increases and population growth. Per capita food consumption fell slightly last year, mostly among livestock-related foods.

During early 1976, gains in retail food prices may moderate somewhat. Food prices are expected to rise around 1 percent a quarter during January-June this year, and remain some 6 to 7 percent above first half 1975. Some rebound in per capita food consumption is indicated with supplies of most food products expected to be larger this year.

Marketing spreads between the farm and the consumer are expected to show further gains this year, again accounting for much of the rise in food prices. However, some easing in the rate of gain of prices of materials and services purchased by food marketing firms may moderate the January-June rise to around 5 percent from a year ago. In 1975, marketing spreads widened by 9 percent, accounting for around two-thirds of the rise in retail food prices.

Expenditures for clothing and shoes have picked up from the depressed levels in late 1974 and early 1975. As a result, domestic use of cotton and wool expanded sharply during the latter months of 1975, and further growth is likely in early 1976. Mill

consumption of cotton and apparel wool is now running nearly 50 percent above depressed year-earlier levels. Tobacco use domestically is also on the rise. Total cigarette consumption in 1975 increased some 1½ percent over the previous year, and further gains in cigarette smoking are likely in coming months.

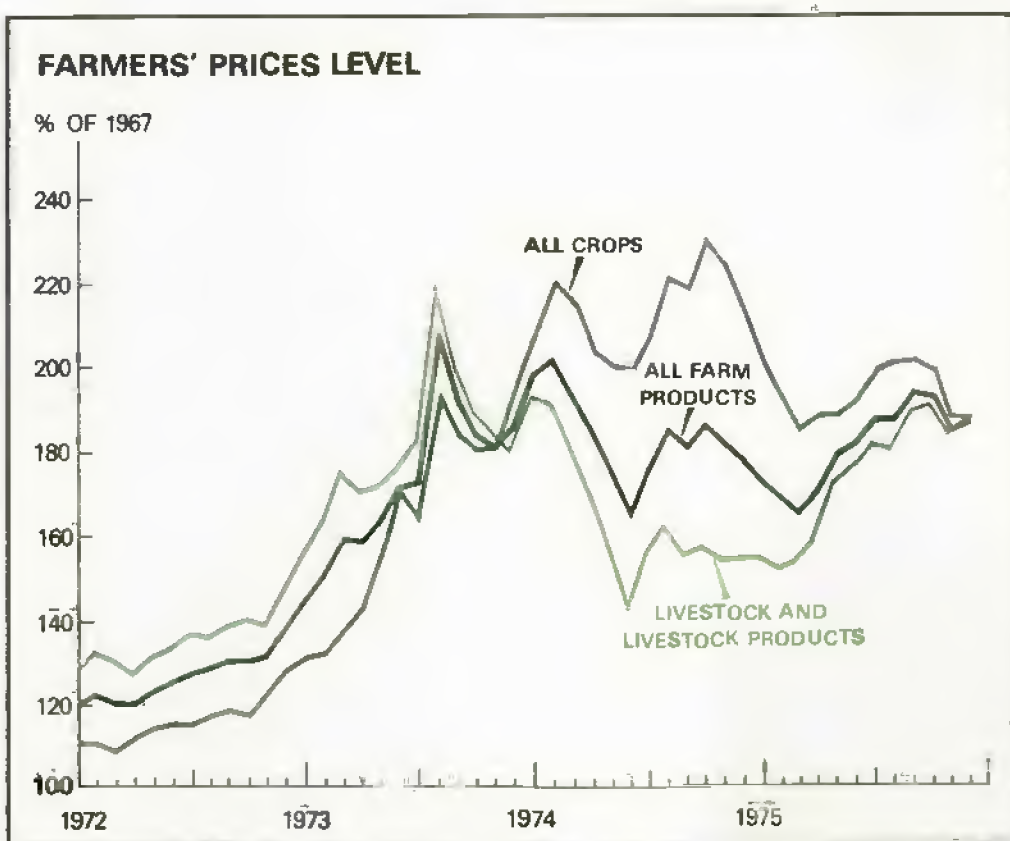
Farm Prices Level After Seasonal Drop

Prices of most livestock and products have leveled after dropping last fall, but most prices remain well above year-earlier levels. Rising output of livestock put downward pressure on market prices of cattle, hogs, and broilers. Despite an increase in feeder cattle placements, cattle slaughter was record large during October-December with a continued sharp rise in cow slaughter. Cattle and hog prices, however, are still above year-earlier levels. Cattle prices may dip temporarily in coming weeks before gaining strength again this spring when further reductions in grass-fed slaughter are likely. Hog prices, in contrast, may rise into the low to mid-\$50s in the next several weeks, followed by general price declines as production increases seasonally during the spring months. Broiler prices declined in late 1975, but had strengthened some by mid-January. Egg prices dropped seasonally following the holidays, but strengthened again in late January. Dairy product prices rose sharply during late 1975 with butter reaching a record \$1.09 per pound at wholesale. However, wholesale

butter prices fell in early January as generally weaker demand developed.

Large crops, along with good weather and rapid harvest, caused grain and soybean prices to decline last fall. Grain prices have see-sawed since November with corn prices at Chicago holding in the \$2.45 to \$2.70 per bushel range most of the time. Strong export movement prevented further price declines, despite large crops. As supplies move into consumption through increased feeding by the domestic livestock industry and continued export movement, some modest seasonal price strength for grains and soybeans could occur by spring.

Livestock and broiler feeding margins and feed-livestock price ratios remain relatively favorable, thus encouraging producers to step up grain feeding. Even though livestock prices have eased off, feed costs have also declined in recent months. Feedlot operators continue to increase feeder cattle placements. The January inventory of cattle on feed in 23 States was up 28 percent from a year ago. Gains since October were the first in 2 years. Hog producers have indicated plans to increase sow farrowings some 7 percent during the first half of 1976, and broiler producers have increased broiler chick placements. Also, dairy farmers have stepped up grain and concentrate feeding in response to favorable milk-feed price relationships. These increases point to a stronger demand for feed in the months ahead with domestic feed grain use this year rising perhaps 10 to 15 percent from



U.S. exports of grains and soybeans

Commodity	Marketing year ¹		Through December of marketing year	
	1974/75	1975/76 ²	1974	1975
Million bushels				
Corn	1,149	1,400-1,500	272	450
Wheat	1,039	1,300-1,400	534	677
Soybeans	421	475-525	160	199

¹Beginning July 1 for wheat, and September 1 for soybeans, October 1 for corn. ²Projected.

1974/75's low level.

Export movement of U.S. grains has been rapid so far this season and foreign demand is expected to remain strong through the year. Exports of corn, wheat, and soybeans combined from 1975 crops were up around a third through December.

Livestock Receipts Up

Higher livestock prices in 1975 with little change in output resulted in a gain of around 5 percent in livestock receipts from 1974 levels. Even though hog production was substantially lower, prices were up sharply and receipts increased. Both milk and broiler output for all of 1975 only about matched 1974, but prices were stronger. Gains in cattle marketings were largely offset by lower average prices.

DOMESTIC PROGRAM DEVELOPMENTS

1976 Program Provisions Announced

Cotton: Upland cotton producers in 1976/77 will again be operating under provisions of the Agriculture and Consumer Protection Act of 1973. Major provisions announced for 1976 include a national base allotment of 11 million acres, the same as last year, with a national production goal of 12.4 million bales (480 pounds per bale).

The preliminary upland cotton loan rate for 1976 is 37.12 cents per pound, up from last year's 34.27 cents. The 1976 target prices will be announced in February; current estimates indicate a target price near 43 cents a pound, up from 38 cents for the 1975 crop. Since there are no set-aside provisions for 1976, the program will serve as the basis for making payments to producers should market prices drop below the established targets, or if growers qualify for disaster payments.

Extra-long staple (ELS) cotton producers recently approved a national marketing quota of 82,481 bales (480 pounds), the minimum permitted under the law, and a national acreage allotment of 83,702 acres. Producers will be eligible for loans averaging 73.24 cents per pound and for a direct payment of 1.51 cents a pound on production attributed to 97.25 percent of the farm allotment. Extra long staple accounts for less than 1 percent of our total cotton production.

Feed Grains: The national feed grain allotment of 89 million acres for

1976 is unchanged from last year.

This allotment represents the harvested acreage that USDA estimates will produce the corn, sorghum, and barley needed for domestic use and exports in the 1976/77 marketing year.

The national allotment does not represent a limit on the amount of feed grains that may be planted. Since there is no set-aside requirement for the 1976 feed grain crop, this allotment is used as a basis for making payments to producers should market prices fall below established target prices, or if growers qualify for disaster payments. Although the 1975 allotment was also 89 million acres, producers planted around 106 million to corn, sorghum, and barley.

Rice: The allotment for the 1976 rice crop has been set at 1.65 million acres, the minimum required by law and approximately 8 percent less than last year's allotment. USDA has also announced marketing quotas for the 1976 crop. To become effective, however, the quotas must be approved by two-thirds or more of farmers voting in a national referendum held during late January.

However, legislation is pending in Congress that would change the rice program markedly. A bill to extend the target price concept to rice producers has been passed by the House of Representatives and is soon to be taken up in the Senate. The bill would establish a target price of \$8 per cwt. and a loan level of \$6 per cwt., with

subsidy payments limited to \$55,000 per person each year. Marketing quotas and penalties for the 1976 and 1977 crops would be suspended and production restrictions removed for new producers. The minimum national rice acreage allotment would be increased from the present level of 1.65 million acres to 1.8 million, and apportioned among producers on the basis of the allotments for the 1975 crop. (Cecil Davison)

New Agricultural Safety Standards Announced

Beginning October 26, 1976, roll-over protection devices will be required for farm tractors used by hired employees, and a machine-guarding standard is likely to be introduced in the spring of 1976. Also, a proposed noise standard for agricultural employees was prepared by the Labor Department for review by the noise subcommittee of the OSHA Standards Advisory Committee on Agriculture (SACA) during its January 1976 meeting. If approved by the subcommittee, which has accepted in principle the need for an occupational noise standard, the proposal will be submitted to the full SACA membership in early February. The Occupational Safety and Health Administration (OSHA) of the Department of Labor is responsible for developing and administering safety regulations affecting agricultural employees. (Conrad Fritsch)

Crop output in 1975 was record large, some 11 percent above the weather-reduced 1974 crops. Among major crops, there were big output gains for wheat, feed grains, soybeans, and sugar, though the cotton crop was smaller. Crop prices fell last fall as the abundant crops were rapidly harvested and moved to market. Even so, average crop prices for all of 1975 were maintained at around a tenth below 1974. Crop receipts in calendar year 1975 will depend on the seasonal pattern of 1975 crop marketings and how much of the large 1975 crop is carried over into 1976. Apparently carryover stocks at the close of 1975 were up substantially from a year earlier, suggesting crop receipts in 1975 below 1974's record \$52 billion. Record 1974 receipts were due in part to sales of carryover stocks.

The income position of farmers during the first half of 1976 likely will be maintained at a level well above year-earlier levels. Livestock prices should continue above a year earlier. Thus, increasing output of most livestock products will boost cash receipts from livestock marketings. Although first half crop prices may average below year-ago levels, a large volume of marketings should help maintain crop receipts. At the same time, increases in prices of farm production inputs may be slowing.

Farm Numbers Continue To Drop

The 1976 preliminary estimate of 2,786,000 U.S. farms represents a decline of about 1 percent from last year's 2.8 million total. The number of farms has declined by a half from 5.6 million in 1950.

Land in farms has trended downward also, but at a much slower pace—about 10 percent in the past 25 years. For 1976, an estimated 1,085 million acres are in farms. At the same time, the average size of U.S. farms has risen over 80 percent from 210 acres in 1950 to an estimated 390 acres this year.

Year	Farms	Land in farms	Avg. size of farms
	thou.	mil. acres	acres
1950	5,648	1,202	213
1955	4,654	1,202	258
1960	3,963	1,176	297
1965	3,356	1,140	340
1970	2,954	1,103	373
1974	2,830	1,088	384
1975	2,808	1,086	387
1976 ¹ . . .	2,786	1,085	389

¹ Preliminary.



MARKETING

Farm-to-retail marketing spreads this year will again probably have more to do with how much retail food prices rise than will farm prices. However, the increase in marketing spreads should moderate from the 9 percent rise in 1975, mainly because of some prospects for a slower increase in prices of materials and services purchased by food marketing firms.

Much of the increase in spreads early this year will be a carryover from the high levels for meats that developed last fall as cattle and hog prices dropped sharply. Spreads for bakery and cereal products and fats and oils products, which also are at high levels, should contract some as retail prices are adjusted to reflect the drop in grain and oil-seed prices last fall. Spreads for other foods may increase gradually during the year reflecting rising costs of inputs purchased by food marketing firms.

Market Basket of Farm Foods¹

	Retail cost	Farm value	Farm-Retail spread	Farmers' share
				Percent
		1967=100		
1965	96.0	99.2	93.9	40
1966	101.1	106.3	97.8	41
1967	100.0	100.0	100.0	39
1968	103.6	105.3	102.5	39
1969	109.1	114.8	105.5	41
1970	113.7	114.1	113.4	39
1971	115.7	114.4	116.5	38
1972	121.3	125.1	118.9	40
1973	142.3	167.2	126.5	46
1974	161.9	178.4	151.4	43
1975	173.6	186.7	165.3	42
1973				
I	130.8	149.3	119.1	44
II	138.5	160.5	124.6	45
III	148.4	186.2	124.4	49
IV	151.3	172.7	137.7	44
1974				
I	159.2	185.9	142.3	45
II	160.2	169.0	154.6	41
III	162.0	177.3	152.4	42
IV	166.3	181.4	156.7	42
1975 ²				
I	168.8	172.9	166.3	40
II	170.1	182.5	162.2	42
III	177.6	199.9	163.5	44
IV	177.9	191.8	169.2	42

¹ Represents all foods originating on U.S. farms sold in retail food stores. The retail cost is a component of the Consumer Price Index published by the Bureau of Labor Statistics. The farm value is the payment to farmers for equivalent quantities of food products less allowance for byproducts. The farm-retail spread is the difference between retail cost and farm value. ² Preliminary.

After increasing sharply in both October and November, the overall farm-retail spread for a market basket of farm foods¹ increased 0.6 percent in December. Spreads increased for poultry, bakery and cereal products, and fats and oils products, but declined for beef, pork, and some fresh vegetables. In December, the farm-retail spread averaged 7 percent wider than a year ago.

Month-to-month variations in the spread may be simply differences between changes in retail and farm prices. But over a longer period, the spread represents charges incurred between the farm and consumer for assembly, processing transporting, and distributing products.

Retail prices for farm foods rose 0.6 percent from November to December, mainly reflecting higher prices for eggs, dairy products, and fresh vegetables, particularly tomatoes, cucumbers, and green peppers. Retail prices for pork decreased slightly from record highs reached in November. In December, the retail cost of the market basket averaged 6.6 percent above a year ago.

Returns to farmers for the quantity of farm products equivalent to foods in the market basket increased 0.5 percent in December, following 2 months of falling prices. Higher prices for eggs, milk, and fresh vegetables more than offset lower prices for hogs, broilers, wheat, and oilseeds. The farmer's share of the consumer's dollar spend in retail food stores averaged 41 cents in December, the same as in the previous month and a year earlier.

Review of 1975

Higher retail prices raised the cost of the farm-food market basket to \$1,878 in 1975, up \$127 or about 7 percent from the previous year. However, this increase was about half the rise in both 1973 and 1974.

Most of the rise in food prices last year was the result of tight supplies for meat products and sharply increasing farm-retail spreads for processed crop products. Higher retail prices for livestock products, particularly pork, accounted for about half of the rise in the retail cost of the market basket, while higher prices for crop products contributed the other half.

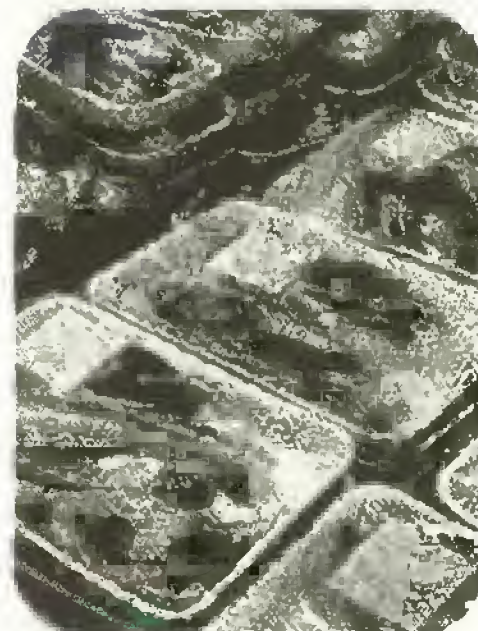
Marketing spreads accounted for almost three-fourths of last year's rise in retail food prices, with the farm side representing the other fourth. Livestock and crop products

contributed about the same to the rise in retail prices. However, only livestock products contributed to the increase in farm value because returns for crop products decreased. Moreover, wider marketing spreads for crop products accounted for most of the increase in the total farm-to-retail spread in 1975 and for two-thirds of the rise in retail prices for farm foods.

The farm-retail spread for market basket foods averaged \$1,094 in 1975, up \$92 or 9 percent from 1974. Although last year's gain slowed from the record increase of 20 percent in 1974, it was well ahead of the 6 percent gain in 1973 and the 2 percent rise in 1972. Marketing spreads have increased every year during the past decade.

Price spreads widened for all major groups of farm foods in 1975, except fresh vegetables. Increases were largest for processed crop products such as bakery and cereal products, fats and oils products, processed fruits and vegetables, and miscellaneous products including sugar. Gains in spreads for most processed products were piled on top of the even larger increases which occurred in 1974. Increases in price spreads were much more moderate for animal products and fresh fruits.

The farm value of foods in the market basket averaged \$782 in 1975, up \$35 or 5 percent from 1974. Returns were sharply higher for hogs, poultry, and fruits and vegetables for processing. In contrast, returns were materially lower for eggs, wheat, oilseeds, and sugar. (Henry Badger)



FOOD

Although continuing some 6 to 7 percent above first half 1975, retail food prices are expected to rise around 1 percent each quarter during the first half of 1976. Relative to last year's final quarter, higher price tags for dairy products, fish, fresh produce, and beverages—especially coffee—will spark most of the gain. However, beef and veal prices may also go up as increased output of grain-fed beef only partially offsets a sharp drop in slaughter of animals with little or no grain feeding. Although pork supplies remain tight, prices likely will decline from the high levels of last summer and fall as production

FOOD PRICES LEVELING

% OF 1967



SOURCE: BUREAU OF LABOR STATISTICS.

¹The market basket represents the average quantities of U.S. farm-originated foods purchased annually per household in 1960-61. Retail cost of these foods is based on an index of retail prices for domestically produced farm foods, a component of the Consumer Price Index published by the Bureau of Labor Statistics. The farm value is the payment to farmers for equivalent quantities of food products minus allowances for byproducts. The farm retail spread is the difference between the retail cost and farm value.

begins to increase. Prices for poultry, eggs, and vegetable oil products are also expected to decline, reflecting larger supplies. Relatively steady prices are likely for other foods.

Retail food prices for all of 1975 averaged $8\frac{1}{2}$ percent above 1974. This compares with average increases of about $14\frac{1}{2}$ percent for each of the preceding 2 years. The all-food component of the Consumer Price Index, upon which these measures are based, covers food items and categories in addition to those included in the market basket of U.S. produced farm foods discussed in the special article on page 19. In particular, the CPI series includes prices for away-from-home eating, fishery products, and major imported food items such as coffee, bananas, and imported sugar. Prices of these items increased more in 1975 on the average than did prices of market basket foods.

Food Consumption Drops

Per capita food consumption declined about 1 percent in 1975 to the lowest level in 7 years. All of the decline occurred in livestock-related foods; crop-related food products averaged fractionally higher than in 1974, which was the lowest in 3 years.

Last year's livestock consumption strongly reflected the cutback in animal production because of high feed prices in late 1974 and early 1975. Total red meat consumption dropped $7\frac{1}{2}$ pounds since the gain in beef use (mainly due to larger grass-fed marketings) was not enough to offset the sharp falloff for pork. Consumption of poultry and eggs also slumped last year as low profitability during the early part of 1975 reduced production. However, per capita dairy product use rose about 1 percent, reflecting higher consumption of butter, cheese, and ice cream. Total use of food fats and oils declined about 3 pounds.

Crop-related food consumption might have risen more last year had it not been for a sharp decline in sugar use. Last year's per capita refined sugar total fell 7 pounds to slightly under 90 pounds, the lowest in three decades. Per capita use of fruit and vegetables gained 6 and 1 percent, respectively, in 1975; cereal and bakery product consumption remained unchanged following a 2-percent drop in 1974.

December Retail Food Prices Up Slightly—Wholesale Food Prices Dip

The Consumer Price Index (CPI) for all food rose 0.5 percent in December. The increase reflected a 0.5 percent rise for food at home and a 0.4 percent hike for food away from home. The CPI for all items less food was 0.4 percent higher than in November.

Compared with December 1974, food-at-

home prices averaged about 6 percent more, and restaurant meals and snacks rose $7\frac{1}{2}$ percent. The all-food index rose $6\frac{1}{2}$ percent, compared with 7 percent for nonfood items.

The monthly increase for food-at-home prices was largely seasonal. Eggs were 10 percent above the November level, and fresh vegetables were $5\frac{1}{2}$ percent higher. Dairy products, fish, and processed fruits and vegetables were up significantly. Offsetting some were drops for poultry, red meats, and fats and oils.

The December Wholesale Price Index (WPI) for all food fell fractionally from November, while prices for industrial commodities edged up very slightly. Compared with December 1974, the all-food index averaged about $1\frac{1}{2}$ percent lower, while industrial commodities were 6 percent higher and farm products averaged $5\frac{1}{2}$ percent higher.

The monthly increase in the all-food WPI reflected sharp seasonal jumps for eggs and fresh and dried fruits and vegetables, as well as higher prices for fish, beef, and dairy products. More than offsetting were sharply lower prices for pork, poultry, and sugar. Cereal and bakery products also averaged lower. (Larry Summers and Anthony Gallo)



COMMODITIES

As of January 1, farmers intended to plant around 211 million acres to major field crops in 1976. Including winter wheat and rye planted last fall, total acreage for 1976 crops comes to an estimated 271 million acres, about 1 percent above the previous year.

Although total acreage this year is forecast up only around $2\frac{1}{2}$ million acres, there were indications of substantial shifting among crops.

It looks like farmers will be planting more corn, cotton and wheat this year and less acreage to soybeans, if their January 1 intentions hold till planting time. However, the acreage actually planted in 1976 may change from these intentions because of weather, economic conditions, availability and prices of inputs, and crop prices between early in the year and actual spring planting. A further update will be available from USDA's second prospective plantings report to be issued April 15.

Producers intend to plant almost 81 million acres of corn this year, up 4 percent from the previous 2 years, and the highest since 1960. Corn-soybean price relationships now favor corn acreage in the mid-West, and a large share of the 3 million increase in corn acres is in that area. Soybeans are usually corn's chief competitor in the Corn Belt.

Cotton acreage is planned at 11.2 million, up a sixth from last year's reduced level, but still well below 1974. Producers are planning more cotton acreage this year because of higher cotton prices relative to competing crops. For example, while cotton prices are now up around 50 percent from last spring, soybean prices are down about a fifth.

Producers plan to plant around 51 million acres to soybeans this year, down around 7 percent from 1975 and the smallest since 1972. Indicated acreage is down in all major areas, as producers in the Southern regions were planting more cotton and those in the mid-West are switching to corn.

Total wheat acreage, including winter wheat planted last fall, will likely come to around 77 million acres, up around 3 percent from 1975, and the most since 1949. Producers apparently were responding to the fourth straight year of strong wheat prices.

Soybean Crushings and Exports Larger

Soybean crushings and exports are ahead of last year. During September-November, crushings totaled 200 million bushels, up about 14 percent from a year ago. A moderate improvement in crushings margins, reflecting lower soybean prices and increased domestic disappearance of soybean oil and meal, mainly accounts for the increase. For the entire season, crushings are expected to total 775 to 825 million bushels, compared with 701 million in 1974/75.

Through December, soybean exports totaled about 200 million bushels, nearly a fourth above the same period last season. Most of the gain in exports is to Western

Europe where lower soybean prices, seasonally low Brazilian soybean stocks, and an improved outlook for soybean utilization are boosting our sales. For the entire marketing year, exports are estimated at 475 to 525 million bushels, compared with 421 million last season.

Soybean prices have declined steadily since the start of the season. Prices (No. 1 yellow, Chicago) dropped from \$5.55 per bushel last September to about \$4.60 in December. Subsequently, they strengthened with prices in late January quoted at around \$4.80. Prices over the balance of the season will be influenced by the outlook for 1976 soybean acreage, the size of the 1976 Brazilian soybean crop which will be harvested around May, and by developments affecting soybean demand. Soybean prices received by farmers for the entire season probably will average about \$4.50 to \$5.00 per bushel, down sharply from the \$6.50 received for the 1974 crop.

Soybean meal prices (44 percent protein, bulk, Decatur) are holding rather steady this season at around \$125 per ton. This is down sharply from the \$145 for the October-January period a year ago. Lower prices this year reflect the easier supply-demand balance for soybean meal. Larger soybean crushings are expected to boost soybean meal supplies to about 19 million tons, up

from the 17 million of the previous year. The improved outlook for profit margins in the livestock and poultry industries is expected to increase domestic disappearance, possibly a tenth or more above last season's 12-1/2 million tons. Use so far is up sharply from a year ago. Meal exports may be up only slightly from the 4.3 million tons of last year. Larger U.S. soybean exports and competition from Brazilian soybeans are expected to restrict soybean meal exports. (Stanley Gazelle)

Corn Prices To Firm

The expansion of livestock and poultry production currently under way will mean increased domestic feed grain use. Some modest price strength for corn is likely, at least until new crop prospects begin to influence the market. However, large supplies of wheat and soybeans likely will prevent any substantial runup in corn prices unless there are extremely bullish price developments, such as adverse crop prospects in major producing countries.

Up until now, corn prices have seesawed—dropping after harvest to \$2.50 a bushel (Chicago) in mid-November, rising to \$2.72 in early December, falling to \$2.46 by mid-December, and gaining again to \$2.66 in mid-January. The market's recent volatility has stemmed from a number of factors:

—The unusually fast harvest which

resulted in a temporary supply glut last fall.

—Supplies of 6.1 billion bushels at the beginning of the season, a fifth above last year and fully adequate to meet requirements of the current livestock.

—Slack domestic feed demand during October-December, largely because of sharply fewer hogs on feed. Domestic feed demand, accounting for about 70 percent of total demand, is the major influence on feed prices once the new marketing year begins.

—October-December exports totaling a whopping 450 million bushels, the heaviest quarterly movement ever. This huge volume of exports helped offset some of the impact of the relatively weak domestic demand.

—Drought in Argentina, which will cut that country's 1976 corn and sorghum harvests below earlier expectations. (Jack Ross)

More Winter Wheat Planted

Winter wheat producers, responding to the fourth consecutive year of strong wheat prices, expanded their 1976 plantings 2 percent to 57.2 million acres. This is the sixth consecutive yearly increase and the largest acreage since the record 61.2 million seeded for the 1949 crop.

Winter wheat prospects were less than ideal over most of the Great Plains where extremely cold weather in January and absence of snow cover have heightened concern about the crop. Outside of the Great Plains, conditions are generally good.

Based on December 1 conditions, the 1976 winter wheat crop is estimated at 1.5 billion bushels, down 9 percent from last year's record crop. However, stocks of winter wheat are likely to be larger this coming summer, resulting in prospective winter wheat supplies not much different from those in 1975/76.

Rice Supplies Record Large

U.S. rice supplies are at a record shattering 135 million cwt., and world crops are also much larger. This has diminished U.S. rice export prospects for 1975/76. Along with high stock levels in some major importing countries, this larger output is having a bearish impact on trade volume and world prices. This could lead to a rapid buildup in world rice stocks.

For the United States, it means 1975/76 exports may be 10 to 15 percent below last year's record 69.5 million cwt. Ending stocks could swell to around 30 million cwt., more than triple the level of last summer. And prices have weakened. In December, farm prices of rice averaged \$8.29 per cwt., a fifth below a year earlier. Prospects for a recovery in rice prices are limited given the size of the buildup in rice stocks this year. (Frank Gomme)

Prospective plantings of major crops

Crop	1974	1975	Indicated	Change
			1976 ¹	1975/76
	Million acres			Percent
Corn	77.8	77.9	80.8	+3.7
Sorghum	17.7	18.3	18.6	+1.7
Oats	18.0	17.4	17.1	-1.5
Barley	9.0	9.5	9.5	0.0
Feed grains	122.4	123.1	126.1	+2.4
Durum wheat	4.2	4.8	5.2	+7.9
Other spring wheat	14.8	14.1	14.8	+4.9
Total spring wheat	19.0	18.9	20.0	+5.6
Soybeans	53.5	54.6	50.9	-6.7
Upland cotton	13.6	9.6	11.2	+16.6
Flaxseed	1.8	1.6	1.4	-15.8
Sugarbeets	1.3	1.6	1.6	-0.1
Total	211.6	209.4	211.2	+0.8
Winter wheat ²	52.4	56.2	57.2	+1.9
Total wheat	71.4	75.1	77.2	+2.8
Rye ²	3.2	3.2	3.0	-4.3
Total	267.1	268.8	271.4	+1.0

¹ Planting intentions on January 1.

² Plantings as of December 1 of previous year for crop to be harvested in year listed.

Cotton Prices Higher

The price of base quality SLM 1-1/16 inch cotton in mid-January was about 57 cents per pound, compared with 56 cents a month earlier and about 36 cents last January. Rising prices over the last year reflect the 28 percent smaller cotton production, coupled with improved domestic demand.

U.S. mill use of cotton bounced back rapidly during 1975 from the recent recession and by December was up almost 50 percent from a year ago. In fact, cotton consumption picked up faster than manmade fiber use as competitive cotton prices early in the year and strong demand for denim and corduroy boosted demand. For the 1975/76 season, domestic cotton use may range between 6.8 and 7.3 million bales, up from 5.9 million last year.

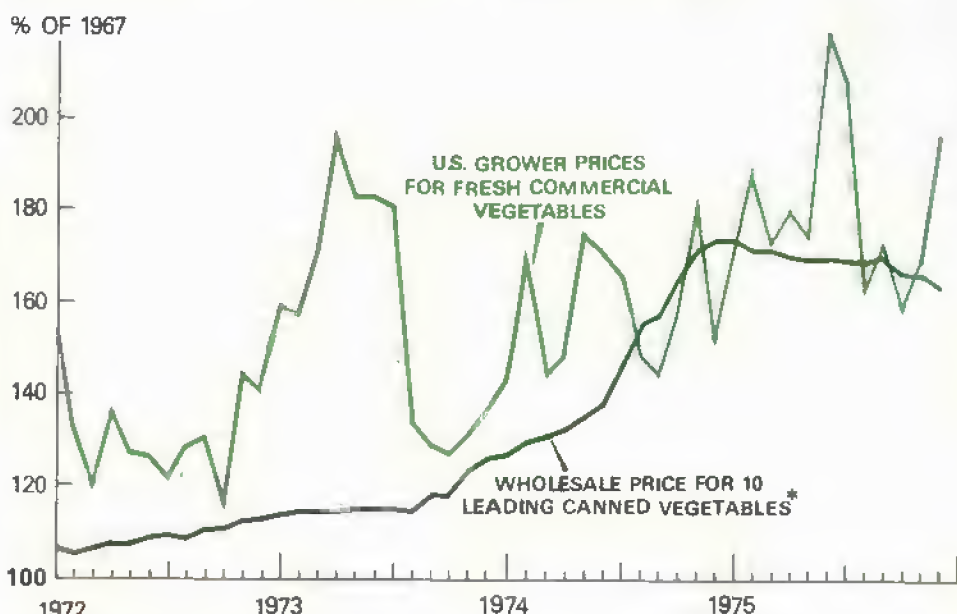
However, foreign demand for U.S. cotton remains weak, reflecting slow recovery in textile activity abroad, our continuing noncompetitive prices, and relatively large foreign stocks. This situation has resulted in significant cancellation of U.S. cotton export sales during recent months and few new sales. However, foreign demand is expected to revive somewhat during the balance of the season and to lift current shipments, plus outstanding sales of 2.4 million bales, to perhaps 3 to 3.5 million for the marketing year, compared with 3.9 million in 1974/75. The exact level will depend on the rapidity of recovery in textile activity abroad—particularly in the Far East—as well as the price competitiveness of U.S. cotton. (Russell Barlowe)

Wool Consumption Rising

Wool use continued its upward climb in late 1975. Apparel wool consumption was up more than 43 percent from the same 1974 period during July-November. During September-November, the latest 3 months for which data are available, apparel wool use hit an annual rate of 105 million pounds, compared with 75 million pounds for all of 1974. Whether this pace can be maintained is uncertain, but trade sources report mills are expecting unusually strong reorders on all worsted goods for next fall. U.S. mills are facing higher prices since the domestic clip is virtually sold out and mills are forced to turn to foreign wools. The new domestic clip will be arriving in March and April, too late to help mills with their fall fabric production. Also, higher prices are expected for the 1976 domestic clip.

Carpet wool consumption is also showing some signs of rebounding, although the recovery in use will depend largely on a sustained increase in the construction

CANNED VEGETABLE PRICES EASE DOWNWARD



*INDEX DEVELOPED BY ERS FOR SNAP BEANS, CORN, PEAS, TOMATOES, TOMATO JUICE, TOMATO CATSUP, BEETS, CARROTS, SAUERKRAUT, AND SPINACH.

industry and upon competitive prices with manmade fibers. November mill consumption, at 1.3 million pounds, was up around a tenth from year-earlier levels. (Sam Evans)

Supplies Of Fresh Market Vegetables May Gain This Winter

The 6 percent increase in acreage of winter vegetables suggests at least slightly larger fresh output—especially for broccoli, cabbage, carrots, peppers, and tomatoes. Winter lettuce supplies may turn out about the same as a year ago, but reduced plantings of celery and sweet corn imply reduced tonnage this season.

Imports of three important Mexican-grown vegetables have all been running well above a year earlier. As usual, these include substantial quantities of tomatoes and lesser amounts of cucumbers and peppers.

Texas is expecting its largest spring onion crop since 1964. Growers in that State planned it that way because onion stocks are currently a bit skimpy, the second lowest of recent record. Onion prices will remain on the high side at least until that spring crop in Texas comes to market in March. If Texas yields turn out close to average, there should be adequate supplies for trade needs, and prices may move down then.

Potato Prices To Top Early 1975

January 1 stocks of potatoes totaled 153 million cwt., 6 percent lower than 1975, but ahead of the tight 1974 situation by 19 million cwt. First quarter 1976 prices for potatoes (mostly from storage) are expected to average 30 to 40 percent above 1975.

These substantially increased farm prices, coming at a time when planting decisions are being evaluated for fall, could cause producers to forget the price-depressing impact of 1974's record-large output. Smaller inventories of frozen and dehydrated products have also helped stimulate demand.

Growers intend to increase spring potato acreage by 13 percent over last year's reduced crop, but this year's indicated plantings of 96,200 acres are still smaller than 1974. If yields are average, the 1976 harvest could total somewhere close to 22 million cwt. (Charles Porter and Joseph Combs)

Citrus Prices Mixed

In view of prospects for slightly smaller orange supplies and likely good demand for processed orange products, grower prices for all oranges through the winter are expected to continue to average above year-earlier levels. During December the U.S. average grower price for all oranges was \$1.82 per box (on tree), up from \$1.43 a year earlier.

As of January 1, conditions point to a slightly smaller U.S. orange crop during 1975/76, with output down in all producing areas except Texas. Total fresh orange shipments through early January averaged moderately below a year earlier. Processing use of oranges so far this season is substantially greater than a year ago, particularly for frozen concentrated and chilled orange juice in Florida. Movement of Florida frozen concentrated orange juice through late December has lagged moderately behind

a year ago, resulting in 15 percent larger stocks by year-end. On the other hand, shipments of chilled orange juice were significantly larger than a year ago.

Supplies of grapefruit are expected to be at a record high during 1975/76. And in the absence of strong processor demand, the export market for fresh grapefruit will be a key factor in determining whether this season will be a banner year for growers. Export shipments, which so far are up sharply, have offset some of the price-depressing impact of the prospective record crop.

Lemon crop prospects in California-Arizona for 1975/76 are off a third from the previous season's very large crop. Although fresh domestic shipments were up slightly through early January, exports and processing use were off sharply from 1974/75. F.o.b. prices for fresh lemons have increased substantially and through early January averaged \$8.14 per carton, up from \$5.93 a year earlier. Prices during 1975/76 are expected to remain above last season's low levels. (Andrew Duymovic and Ben Huang)

Pork Production to Expand

Although hog farmers have indicated they plan to expand the 1976 pig crop, pork production through the first half of 1976 will remain relatively light. The pork supply over the next several months will be largely from the June-November 1975 fall pig crop which was down 8 percent from a year earlier. Reflecting the lower fall pig crop, the December 1 inventory of hogs and pigs was reported at 49.6 million head, down 10 percent from a year earlier and 19 percent below two years ago.

The largest reductions in the inventory were in heavier-weight hogs, indicating pork supplies will be tightest early in the year. Judging from the distribution of market hogs on farms by weight groups, weekly hog slaughter rates this winter could dip seasonally from the late 1975 level before picking up again during the spring months. First quarter 1976 slaughter may fall 10 to 15 percent below 1975's reduced first quarter level, followed by a smaller percentage reduction in the second quarter. Hog slaughter during October-December 1975 fell 20 percent short of a year earlier.

The expected seasonal dip in slaughter levels and average slaughter weights from the fall to the winter quarter will keep retail pork prices high, and may have a temporary price strengthening effect in the hog market. If demand holds up as expected, prices of barrows and gilts could strengthen from mid-January levels of around \$50 per 100 pounds into the low to mid-\$50's in late winter. Highest prices in the hog market will likely occur early in the year followed

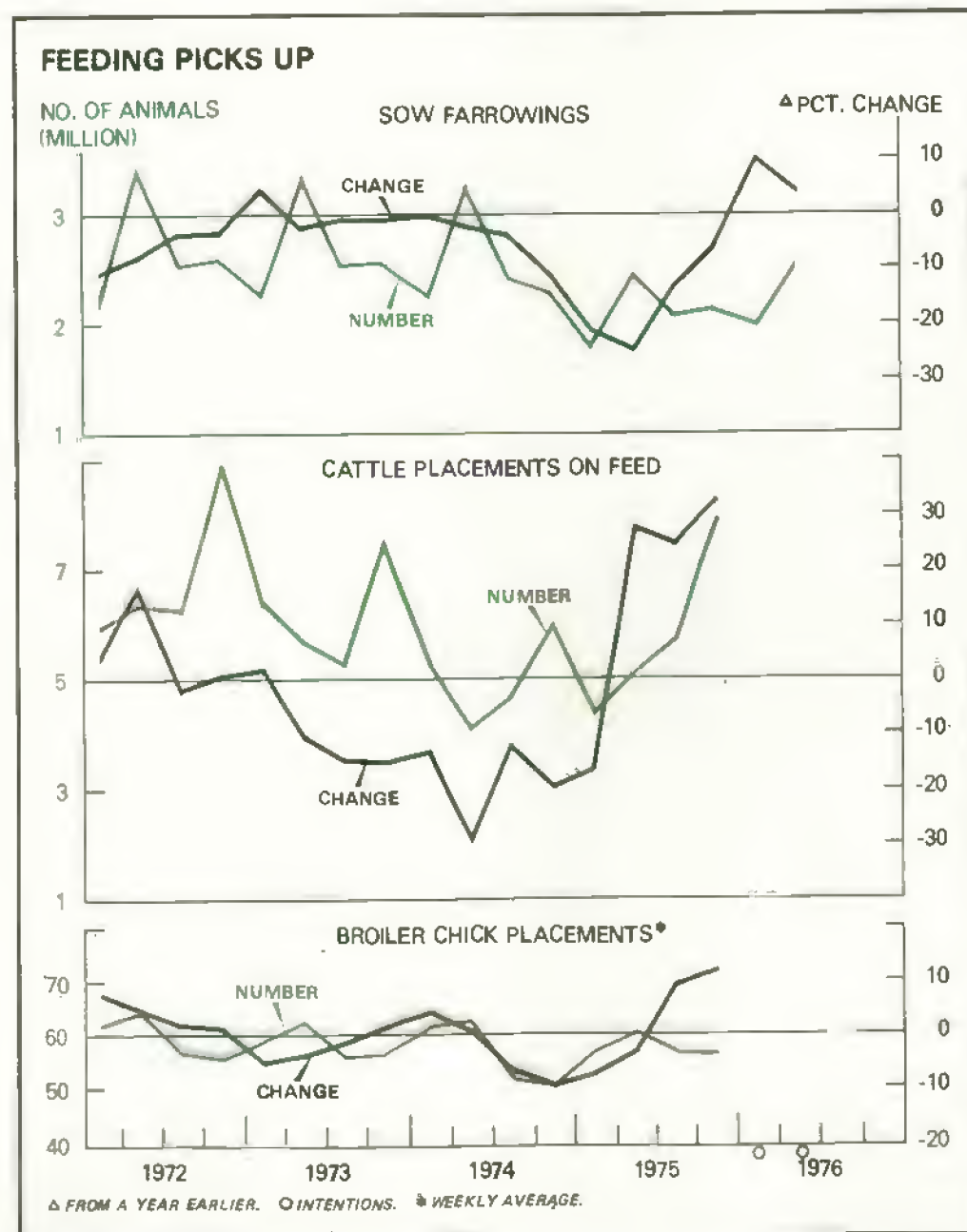
by general price declines as slaughter and production increase seasonally during the spring months. Prices, however, likely will average well above year-ago levels through the first half of the year.

Hog producers in 14 States have said they plan to expand the number of farrowings for the December 1975-May 1976 spring pig crop by 7 percent—a 10 percent increase during December-February, but only a 5 percent increase for March-May. If these intentions are met, the expected increase would be the first since 1971 for this 6-month period. Apparently, the sharp break in hog prices last October gave some producers some second thoughts about expanding their hog operations, judging from the small increase planned for March-May farrowings. Market hog prices fell from mid-October levels of nearly \$65 per 100 pounds to below \$50 in early November under pressure of seasonal increases in the

slaughter and average weight of hogs and a record supply of beef. Although hog prices are well below recent peak levels, so are feeding costs, and profit margins continue quite favorable. Producers could still raise more pigs during March-May than they planned last December.

More Fed Beef Ahead

Reflecting favorable feeding margins and an optimistic outlook for the fed cattle market, cattle feeders sharply increased placements of cattle on feed during September-December. This boosted the January 1 inventory of cattle on feed in 23 States to 28 percent above the depressed year-earlier levels, and points to moderate increases in the fed beef supply during the next few months. Cattle feeders on January 1 indicated plans to market 6.2 million fed cattle during January-March, a fourth above the previous quarter. This



would also represent the first year-to-year increase in fed cattle marketings since early 1973. Fed cattle prices have recently moved lower and increases in fed beef production during the next several weeks likely will continue to keep prices down. However, declines could be temporary. Fed cattle prices will be heavily influenced by the level of nonfed slaughter and by supplies of competing meats. Over the past several months about half the cattle slaughtered have been cows and other nonfed beef. Expected seasonal reductions in nonfed slaughter, and the continued small pork supply, may somewhat offset the impact of increased fed beef production. Choice steer prices may edge lower than late January levels of around \$40 per 100 pounds before gaining strength again in the spring when further reductions in grass-fattened slaughter are likely. (George Hoffman)

Broiler Output Continues Climbing

Thanks to the continued favorable relationship between broiler and feed prices in recent months, it looks like there will be more broilers produced in 1976. The broiler feed-price ratio of 3.0 in December was down from November's 3.4, but it was still well above the 2.4 of a year earlier. Production of broiler meat will continue above year-earlier levels in the first half of 1976 and likely will exceed the record high levels for this period set in 1974. Broiler chick placements for marketing during January-March are nearly a tenth larger than a year ago.

Although broiler meat output in 1975 about matched the 7.9 billion pounds (certified, ready-to-cook) of 1974, broiler prices were sharply higher. The nine-city wholesale price in 1975 averaged 45 cents a pound, ready-to-cook, the highest in recent history. Reduced broiler output in the first half of 1975 and the rapid rise in cattle and hog prices in the late spring contributed to the high price levels.

Larger broiler supplies, declining cattle and hog prices, and seasonally weaker demand for broilers caused broiler prices to decline late last year. The December nine-city wholesale price averaged 41.8 cents a pound, 4 cents below November but still 1 cent above a year earlier. Larger output is expected to hold broiler prices this winter and spring in the low to mid 40-cents-a-pound range despite relatively high red meat prices. (William Cathcart)

Milk Production Still Rising

Milk production probably will continue to post increases over year-earlier levels in

coming months, following a 1-1/2 percent gain in fourth quarter 1975. However, the rate of gain may start to slow as milk prices decline and slightly higher cull cow prices stimulate some increase in herd culling. However, first half 1976 output is expected to total about 1 percent above a year earlier.

Farm milk prices may show sharper than normal seasonal declines in coming months, reflecting recent declines in wholesale prices. Butter prices have plummeted most sharply, dropping almost a fifth between mid-December and mid-January. Wholesale nonfat dry milk prices also have slumped and American cheese prices have weakened slightly.

Wholesale dairy prices probably will ease downward in coming months. American cheese prices are likely to ease in the near future as cheese plants draw milk away from butter-powder production and output expand seasonally. Use of nonfat dry milk continues weak while output is climbing. However, butter supplies continue tight, which could temporarily bolster wholesale prices as production expands seasonally. (James J. Miller)

Further Gains Slated For Smoking

Cigarette consumption is expected to continue increasing in the months ahead, and the outlook is similar for chewing tobacco and snuff use. However, cigars and smoking tobacco may suffer some sales losses.

Cigarette consumption reached a record high 600 billion in 1975 despite a rise in cigarette prices and an increase in anti-smoking regulations. Further gains are likely this year as the smoking age population continues growing, personal incomes increase, unemployment declines, and low-tar-and-nicotine cigarettes continue to be heavily promoted.

U.S. tobacco exports, which declined in 1975, may shrink a bit further in 1976. Last year several of our traditionally large buyers, including the United Kingdom and West Germany, began importing more from the European Community preference areas. In addition, Japanese consumers, who now represent our largest overseas market, were hit by a 48 percent price increase in December. Their purchases undoubtedly will be cut some from recent levels because of the price hike.

The season average price for burley tobacco through January 21 was \$1.05 per pound, 9 cents below last season's record high. Prices of fire-cured and dark air-cured tobaccos are setting record highs because of strong demand and short supplies. (Richard Hall)

Sugar Prices Begin To Strengthen

U.S. sugar prices have begun picking up from the 2-year low last December of \$14.80 per cwt. The current strengthening of both U.S. and world prices stems in part from the recent reduction in the estimates of USSR's sugar crop. Retail sugar prices in the United States are expected to increase some reflecting the current higher raw prices.

U.S. sugar production in calendar 1976 is expected to match or exceed 1975's 6.4 million tons, raw value. U.S. imports are also expected to increase some over the prospective 3.85 million ton level of 1975.

Domestic deliveries and consumption this year are expected to bounce back from the low levels of 1975. U.S. sugar deliveries will likely total 10.5 to 11.0 million tons, raw value, up sharply from under 10 million tons in calendar 1975. Per capita consumption this year may total 92 to 97 pounds, raw value, up from 90 pounds in 1975, but it is still not likely to exceed 1974's 97 pound average. (Fred Gray)



INPUTS

Inflation has eased this winter, as reflected in the prices of items farmers buy. Prices paid by farmers for commodities, services, interest, taxes, and wages in December were up only slightly from the month before, and averaged about 6 percent above a year earlier. Prices have held fairly stable since September, but for all of 1975 averaged around 9½ percent above 1974.

Prices of production items held fairly steady in the fourth quarter as lower prices for feed and fertilizer about offset increases for all other items. Production items at

yearend cost about 4 percent more than a year earlier.

Feed use is picking up seasonally. Farmland values continue to rise, although some slowing in the increase was evident last year. However, despite the higher prices, more people are looking for farmland.

Pesticide Pipelines Filled

After being drawn down to unusually low levels in 1974, pesticide inventories were built back to normal levels last year. In addition, some new capacity has been added and few production problems are reported. As a result, pesticide supplies at the start of the 1976 season are up appreciably over a year earlier. Early sales reports indicate that manufacturers' prices are holding at 1975 levels, although retail prices are down slightly, especially for herbicides.

The Environmental Protection Agency has suspended production of chlordane and heptachlor for most uses. The ban will remain in effect while final cancellation hearings are being held, probably lasting 12 to 18 months. Only small amounts of heptachlor were used in agriculture. Chlordane is used by farmers mostly to control corn soil insects and this use will be permitted for 1976. A number of other uses of the two products will also be permitted. (Theodore Eichers)

Grain States Lead Rise in Farmland Values

Farmland values per acre rose an average of 12 percent nationally from November 1974 to November 1975. Although well below the 21 percent recorded for the previous 12-month period, the increase was much above the annual increases recorded before 1972. During the year ending with November 1975, two-thirds of the gain occurred between March and November; only two-fifths of the previous year's rise occurred between those months.

The most rapid rates of increase last year were in the Northern Plains and Corn Belt States where five States had increases of 20 percent or more. North Dakota led all States with a 27 percent boost in average value. Most of the Southern States posted increases of less than 10 percent.

The major strength in the market occurred in those States that are heavy producers of cash grain crops. Prices for cropland increased more rapidly than grazing land in the States where livestock grazing makes an important contribution to farm income.

The index of average value per acre for farm real estate reached 230 (1967=100) as of November 1975—up from 205 in November 1974.

Reporters' opinions of real estate market conditions

Compared with 6 months ago:

Farm or ranch land prices (all classes) . . .
Availability of credit . . .
Interest rates

Reported activity								
Increased ¹			Remained the same			Decreased ¹		
1974	1975		1974	1975		1974	1975	
Oct	Mar	Oct	Oct	Mar	Oct	Oct	Mar	Oct

Percent of reporters

Compared with 1 yr. ago:

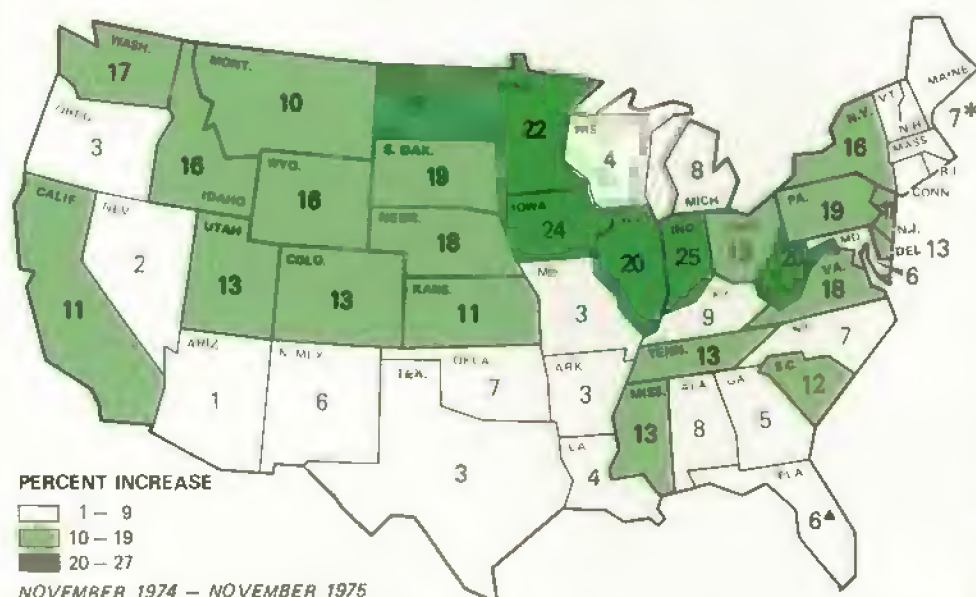
Buyers looking for farm or ranch land . .
Farms or ranches offered for sale
Farms or ranches sold . .

Expected level of farm or ranch land prices in 1 year

54	28	41	41	60	52	5	12	7
4	17	16	28	48	61	68	35	23
87	27	45	12	53	52	1	20	3
31	18	26	43	40	47	26	42	27
12	18	16	53	52	55	35	30	30
10	8	9	51	43	51	39	49	40
42	23	45	46	54	49	12	23	6

¹ "Increased" and "decreased" refer to change of 5 percent or more.

PER ACRE VALUE OF FARMLAND UP 12 PERCENT



NOVEMBER 1974 — NOVEMBER 1975
BASED ON INDEX NUMBERS OF AVERAGE VALUE PER ACRE. *AVERAGE INCREASE FOR MAINE, NEW HAMPSHIRE, VERMONT, MASSACHUSETTS, RHODE ISLAND, AND CONNECTICUT. ▲ AVERAGE OF THE PERCENTAGE CHANGE IN GEORGIA AND ALABAMA INDEX VALUES.

The total value of farm real estate, including buildings, for the 48 contiguous States totaled almost \$400 billion in November 1975, up from some \$350 billion a year earlier. Farm real estate in late 1975 was valued at about \$380 per acre for these 48 States.

Farm real estate market reporters' expectations concerning farmland values indicate they anticipate continued high levels of farm income in 1976. Last autumn, 45 percent thought land values would continue rising rapidly; only 6 percent foresaw a decline. In contrast, in March 1975 only about a fourth expected an increase while a like percentage expected land values to decline.

About one-fourth of the reporters indicated more people were looking for farmland in October 1975, up from less than a fifth holding this opinion in March 1975. And reporters indicating that fewer buyers were in the market dropped from 42 percent in March to 27 percent in October.

Although reporters indicated that loan fund availability had remained basically unchanged, they reported that interest rates had increased somewhat from March 1975. (Robert Reinsel)

Farm Machinery Sales Up

Farm machinery sales picked up late last year, but continued at levels markedly below those of the previous 2 years. Sales of two-wheel drive tractors rallied after declining in the first 6 months of 1975. Sales of four-wheel drive tractors remained strong with cumulative unit sales up from a year ago. Combine sales slowed somewhat in October, but cumulative sales remained about 6 percent higher than in 1974. There was a slight pickup in haying machinery sales beginning in July, but levels did not reach those of a year ago.

Late 1975 inventories of wheel tractors ready for sale were up 24 percent from a year ago to more normal levels, but were well below the preplanting season figure set in March. Combine inventories dropped significantly as farmers made large purchases just prior to the harvest season. Stocks of most haying machinery were down from a year earlier, reflecting lower production.

Prices of farm machinery continued to climb through November, but at rates below those of the past 2 years. The November Wholesale Price Index for agricultural equipment was 8 percent higher than a year earlier, while the index for all industrial commodities was 6 percent higher. In contrast, the November 1974 indices for both agricultural equipment and industrial commodities were 24 percent above their 1973 levels. (Duane Paul)

Farm real estate: Indexes of average value per acre¹

	1973		1974 ²		1975	
	March	November	March	November	March	November
March 1, 1967=100						
NORTHEAST						
New England ²	198	218	³ 231	³ 247	³ 257	265
New York	176	199	233	254	275	294
New Jersey	211	240	278	315	340	350
Pennsylvania	201	227	262	284	315	338
Delaware	155	172	199	236	242	266
Maryland	191	211	227	242	248	258
LAKE STATES						
Michigan	150	167	174	³ 181	184	194
Wisconsin	179	199	214	240	240	251
Minnesota	144	164	186	218	242	266
CORN BELT						
Ohio	147	161	184	201	208	228
Indiana	131	152	161	182	200	227
Illinois	129	150	173	194	209	233
Iowa	141	169	189	216	234	267
Missouri	160	180	207	³ 212	³ 214	218
NORTHERN PLAINS						
North Dakota	142	168	193	229	265	290
South Dakota	130	151	172	192	214	229
Nebraska	145	168	183	204	215	242
Kansas	137	157	178	201	211	224
APPALACHIAN						
Virginia	171	194	223	241	250	285
West Virginia	211	224	275	296	317	355
North Carolina	164	186	200	213	216	229
Kentucky	153	173	182	201	203	220
Tennessee	167	193	206	222	236	251
SOUTHEAST						
South Carolina	179	223	238	255	273	286
Georgia	201	244	264	288	298	302
Florida ⁴	155	187	200	219	224	233
Alabama	167	200	211	233	233	251
DELTA STATES						
Mississippi	144	155	132	196	204	222
Arkansas	159	175	136	³ 190	191	196
Louisiana	148	161	174	³ 189	191	195
SOUTHERN PLAINS						
Oklahoma	150	169	183	209	212	224
Texas	156	170	191	³ 199	193	205
MOUNTAIN						
Montana	159	183	203	236	237	260
Idaho	159	170	203	224	243	260
Wyoming	153	169	191	208	218	241
Colorado	152	178	194	207	209	235
New Mexico	151	180	186	192	197	204
Arizona	170	182	208	214	211	217
Utah	186	211	216	221	232	249
Nevada	251	286	299	299	299	306
PACIFIC						
Washington	145	158	160	168	178	197
Oregon	187	201	213	226	228	233
California	115	127	131	140	150	155
48 STATES	150	170	187	³ 205	214	230

¹ Includes improvements. ² Includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. ³ Revised.

⁴ Index based on percentage change in Georgia and Alabama.



TRANSPORTATION

Rail and barge shipments of grain fell sharply at the end of 1975, reflecting the usual seasonal pattern during the holidays. During the year, barge shipments ran above a year earlier in all but a few weeks and totaled 16 percent more than in 1974. Despite a fast pace from July into November, railcar loadings in 1975 were about 8 percent below the previous year and down a fifth from 1973. No major grain transportation problems are expected in the immediate future.

Barge grain shipments during 1975 fluctuated more than in 1974 owing, perhaps in part, to periods of uncertainty about the level and nature of export sales. Also, the greater volume of traffic indicates that the river system was operating closer to full capacity during peak periods this season than in earlier years. Shipments during December, however, followed the usual seasonal pattern closely.

Railcar loadings of grain were near a record high at the end of October, but plummeted during the last 2 months of 1975 to close out the year well below the final weeks of both 1973 and 1974. Given the greater-than-normal seasonal decline in demand for grain cars and the usual seasonal decline in rail shipments of all commodities, the car shortages that occurred during harvest are no longer a concern. Those car shortages had caused the Interstate Commerce Commission (ICC) to issue special car allocation orders, but the ICC cancelled those orders ahead of their scheduled expiration date.

Export Shipments Ahead of Schedule

To fulfill the projected exports of wheat, soybeans, and corn combined for the marketing year will require an average

weekly shipping rate of 1.66 million metric tons—somewhat less than the average weekly rate of 1.95 million metric tons for exports already shipped in the current crop marketing year. Thus, the outlook is good that the transport system will have the capacity to meet these export demands without serious disruption to other traffic movements.

Slowing Rail Rate Inflation Probably Temporary

Despite an ICC-approved 2½ percent general rate increase which became effective in October, rail rate increases for farm products slowed during late 1975. Although up around 15 percent from a year ago, rail rates during November and December rose only some 1 percent, or at an annual rate of about 6 percent. Most of the Nation's railroads are seeking another 7 percent general rate increase which, if authorized, could go into effect February 18.

Should the Railroad Revitalization and Regulatory Reform Act of 1975 as passed by Congress become law, one of the regulatory reform provisions would establish a "zone of freedom" in setting rates. Under this provision, carriers would be relatively free to adjust a rate up or down by 7 percent from a set of base rates. The base rates would be those in effect January 1, 1976. Within the zone, the ICC would be considerably restricted as to the grounds on which it could find a new rate not "just and reasonable."

Rail Reorganization Forecast: No Service Halt

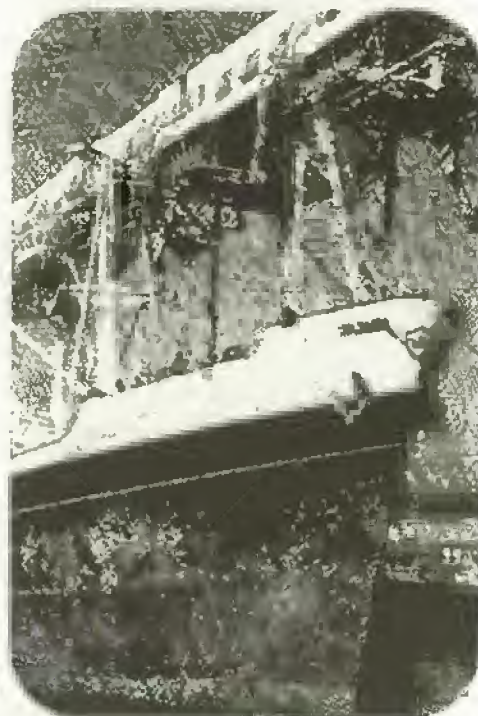
The Penn Central and smaller bankrupt railroads in the Midwest and Northeast have been in reorganization for 2 years under the provisions of the Regional Rail Reorganization Act of 1973. The U.S. Railway Association (USRA), the planning agency for the reorganization, completed its Final System Plan last July, and Congress accepted the plan late last fall. The plan, however, requires further legislation for its implementation. For several months all participants (including USRA, ICC, and State agencies) have been working on a contingency basis.

Originally scheduled to take over much of the bankrupt operations on February 27, the Consolidated Rail Corporation (ConRail) has moved its inaugural date to March 27. In the meantime, ConRail has agreed in principle to maintain existing service connections and joint rates. In order to insure an orderly transition, ConRail has also sought special permission from the ICC to be exempted from certain tariff filing requirements.

In accordance with the 1973 law permit-

ting curtailment of certain unprofitable services, the railroads in reorganization have issued notices of service discontinuance on more than 5,000 miles of light-density lines excluded from the Final System Plan. The effective date of shutdown is to coincide with ConRail's takeover.

The outlook, however, is that rail service on most of those lines will not actually be halted when ConRail takes over. Operation over most excluded lines likely will continue under subsidy agreement—at least for a while. The 1973 law provided for a 2-year subsidy program with 70 percent of the cost paid by the Federal Government and 30 percent by the States. Under the Railroad Revitalization and Regulatory Reform Act, the subsidy program would be extended to 5 years with the Federal Government paying 100 percent the first year, 90 percent the second, 80 percent the third, and 70 percent the fourth and fifth years. (Lee H. Keely)



WORLD AGRICULTURE AND TRADE

As Soviet planners in 1975 worked to complete a draft of the USSR's tenth Five-Year Plan (1976-80), a deteriorating agricultural situation forced prudence in the growth outlook for 1976 and subsequent years. As a consequence, the plan's announcement in December brought the Soviet consumer face to face with a program of relative austerity.

The exceptionally poor agricultural results in the USSR in 1975 already have

generated massive grain imports and could lead to substantial trade shifts in 1976 on a number of other commodities. Agriculture's shortfall also curtailed overall economic performance in 1975—the last year of the ninth Five-Year Plan—and clouded prospects for the economy during 1976.

Gross output in the agricultural sector fell sharply in 1975—the second consecutive decline—and closed below the 1971-74 average, according to preliminary reports. The 1976 planned growth of 7 percent above the 1971-75 average will require a very sharp recovery in crop production, since livestock product output is likely to fall considerably from the 1975 level.

Although few specific agricultural production data have been released by the USSR through mid-January, the consequences of the 1975 drought on agriculture have been severe. The USDA estimate of Soviet grain production was reduced in December to 137 million metric tons, based on a statement by a Soviet official that 1971-75 production was 8 percent above the 1966-70 level. A more recent report suggests that output may have fallen 3 or 4 million tons below the current estimate. In any event, 1975 production was about 80 million tons short of planned output, at least 70 million below the long-term (20-year) trend, and 60 million below the previous year. During the current year, an increase of 14 percent (above the 1971-75 average) is called for, implying a target of about 205 million tons.

In response to the grain shortfall, the USSR has bought grain on a massive scale. Soviet imports of 27 million tons, including 14 million of wheat and 13 million of coarse grains, are forecast for 1975/76 (July-June). Soviet port facilities and the grain-handling system may be hard-pressed to move this volume of grain. The reported level of purchases from the United States through mid-January was about 13 million tons and a similar quantity apparently had been purchased from all other suppliers.

Nevertheless, the purchases won't come close to covering the production deficit. Accordingly, the Soviet farmer's feed use of grain during 1975/76 is expected to drop about a fourth.

The shortages of grain and roughage feeds have led to cutbacks in the Soviet livestock inventory. As of December 1, the number of hogs on Soviet collective and state farms was down around a fifth and poultry was off a tenth from 1974 levels. In contrast, cattle numbers still were up about 3 percent.

Production of most livestock products fell off in the fourth quarter of 1975, although cumulative output for the year still

generally was higher than in 1974. Output of pork, in particular, was bolstered by distress slaughter during the third quarter. Production of meat probably will be down sharply in 1976, and the USSR may attempt to boost meat imports to cover at least part of the deficit. Average milk yields were down throughout the second half of 1975 and probably will decline further in early 1976.

Among major crops, the only apparent production increases in 1975 were in potatoes, fiber flax, soybeans, and grapes. Cotton production slipped about 5 percent, although Soviet lint supplies should enable a continued strong export posture in 1976. Sunflowerseed oil exports are likely to be restrained to unusually low levels as a result of the tight domestic supply situation. Sugar imports probably will be boosted to more than 3 million tons (raw value).

The USSR enters the 1976-80 period having failed to attain most of its agricultural targets for the previous 5 years. The outlook now is for attainment of most 1975 targets only well into the plan which will be in effect during 1976-80.

Top Priority Given to Feed Production in 1976-80

The expansion of feed production is top priority in the 1976-80 agricultural plan. Attention is being focused not only on grain, but also on high-protein crops and roughages. Detailed government procurement targets on most other crops indicate that, except for an increase in cotton, average 1976-80 goals vary little from the original 1975 targets.

Grain production during 1976-80 is to average 215 to 220 million tons, some 35 to 40 million tons more than the 1971-75 average, but only 20 to 25 million more than the expected average if weather had been about normal in 1975. This seems to be a fairly reasonable goal, and there is a good chance that production will average at least 215 million tons through 1980 if there is an even distribution of good and bad weather during the period. Planned average government procurements of grain during 1976-80 are about 20 million tons above the 1971-75 average, but only slightly above the original 1975 goal.

The draft plan encourages maximum expansion of seedings of feed peas, lupines, alfalfa, and other high-protein crops. It also encourages soybean production on irrigated lands in the southern part of the Soviets' grain-growing areas.

The plan recommends increased production of roughage feeds to cover not only the needs of the socialized sector, but also private livestock holdings. Each farm is expected to establish a feed reserve, and

expansion of irrigated pastures and meadows is planned.

Livestock Goals Modest

Despite the attention focused on feed production goals, planned growth of livestock output is relatively small. The 1976-80 average goals for meat and milk production are only slightly above the original 1971-75 goals. Even compared with actual accomplishments during the past 5 years, meat production is planned to increase only 6 to 11 percent and milk only 7 to 10 percent, while the population is expected to increase about 5 percent.

In the livestock sector, growth is strongest in egg production, but some slowdown apparently is planned there also. The low milk production target may represent a more realistic assessment of output opportunities given the current quality of the dairy herd. The low meat production target, however, undoubtedly considers likely a substantial falling off of production during the first part of the 1976-80 plan as a consequence of distress slaughter and reduced breedings in 1975. If meat production dropped even 10 percent in 1976—and a sharper drop seems likely—then production probably would have to reach 16.5 to 17 million tons by 1980 to accomplish the planned average output.

How well do the livestock goals match up with prospective feed production? Specific production targets are not available for each feed type nor for meat by type of livestock or poultry. However, based on assumptions about the distribution of meat by type and on projections of the level of availability of roughages and other feeds, a preliminary conclusion can be made: The livestock and feed production plans generally are consistent. If the Soviets hold to the livestock targets and if weather permits attainment of expected feed production, the USSR may well approach self-sufficiency in feeds.

Uncertainties Cloud Trade Prospects

Prospects for U.S. grain trade with the USSR during 1976-80 could be dampened somewhat by the relatively low livestock production goals which have been set. Slow rebuilding of the livestock herds would tend to restrain grain import needs.

However, the recent signing of the 5-year grain agreement with the USSR for the 1976-80 marketing years seemingly puts the United States in a strong position to maintain grain exports of 6 to 8 million tons to that country. These exports could be boosted when poor weather affects Soviet crops. Also, there is some suggestion in the 1976-80 plan—both in the announced goal

to increase grain storage capacity and in the call for "creation of the necessary reserves of agricultural products"—that Soviet policy may elect to bolster grain reserves.

The emphasis in the plan on improving efficient use of resources, however, may augur well for development of a market in the USSR for oilseeds or oilseed meals—at least until progress can be made toward the objective of increasing high-protein feed output. It does not appear that a major expansion in high-protein feed production in the USSR is possible during the next several years.

Livestock Product Demand May Exceed Supplies

The planned increase in meat and milk supplies for 1976-80 may still fall short of the demand for livestock products. Wages are scheduled to increase 16 to 18 percent, and a recent research study has suggested that for each 10 percent increase in per capita income, demand for meat in the USSR increases about 7 percent and for butter (still the principal component of dairy product consumption) about 6 percent.

The Soviets may consider other alterna-

tives besides stepping up livestock production to bring supply and demand into balance. Boosting retail prices of livestock products is one possibility. However, the announced policy is to maintain stable retail prices on major foods. A more likely alternative is a substantial increase from recent levels of Soviet imports of meat and other livestock products. Large meat imports are especially likely in 1976 as production slumps in the USSR owing to reduced herds. It is more difficult to predict whether the USSR will continue as a major meat importer in subsequent years. (David M. Schoonover)

FOREIGN POLICY DEVELOPMENTS



Multilateral Trade Negotiations Continue

Trade experts from some 90 countries participating in the "Tokyo Round" of multilateral trade negotiations (MTNs) are continuing to work to expand and liberalize trade. Nego-

tiations on all products are proceeding in functional groups on tariffs, non-tariff barriers, sectors, safeguards, and tropical products. The group on agriculture is charged with examining the agricultural aspects of this work. The agricultural group has, in turn, established subgroups to deal with grain, meat, and dairy products. In December, the group agreed on a procedure for consultations on problems affecting other products. This approach has resolved, for the time being, a dispute over the context in which agricultural products should be negotiated.

Voluntary Meat Import Restraints Being Negotiated

The Department of State is negotiating voluntary arrangements with supplying countries to ensure that 1976 imports subject to the Meat Import Law will fall below the trigger level for imposition of quotas. The trigger level this year is estimated at 1,233 million pounds, and USDA estimates 1976 imports probably would exceed this level without some restrictions or arrangements with suppliers to limit shipments.

The decision to negotiate voluntary restraints is due in part to continuing import restrictions imposed on beef in other major importing countries. Cattle numbers in principal supplying countries have increased significantly during the past several years. Since other major world markets for meat continue to restrict imports, increased exports from major supplying countries could adversely affect U.S. beef producers.

U.S. Generalized Preference System Implemented

President Ford has signed an Executive Order extending tariff preferences to approximately 137 countries and territories and making more than 27,000 products, including 300 agricultural products, duty free. U.S. imports of the agricultural commodities eligible for the preferences amounted to \$3.5 billion in 1974. Although most countries regarded as developing countries are qualified for preferences, 18 countries—including the 13 members of OPEC—remain ineligible. Romania and Yugoslavia are the only two communist countries which will receive preferences.



FARMERS' CAPITAL EXPENDITURES AND THEIR EFFECTS ON THE U.S. ECONOMY

By Gerald Schluter and Thomas A. Niles
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Farmers' expenditures for fixed farm capital items is an important and significant part of the U.S. economy. The economic effects of this activity are not concentrated in any part of the U.S. economy. While the weakening of demand for fixed farm capital goods likely contributed to the recent economic slump, the pickup in farm machinery sales expected this year along with some rise in farm structures investment will also contribute to the economic recovery.

Traditionally, cash receipts from farm marketings have been a good indicator of demand for farm capital. Cash receipts rose sharply from a year ago in 1973 and early 1974, before leveling in the last half of 1974 and weakening in early 1975. Following the easing of farm marketing receipts, farm machinery purchases fell from record 1973 levels and remained weaker until recently. The gross income position of farmers improved in mid-1975, and is expected to be well above year-earlier levels in the first half of 1976. Farmers also are continuing to buy larger and more expensive models of farm machinery. With 1976 expected to be another "all-out-year," the value of farm marketings may again be at record levels. If this occurs, and the demand for nonma-

chinery farm capital items follows the same trend as the demand for farm machinery, expenditures for farm capital items would be strong. This would be good news for the U.S. economy.

While the farm machinery industry is probably the one most visibly influenced by any change in farmers' expenditures for capital items, an analysis of farmers' capital expenditures revealed a rather wide impact on the total economy. Using input-output analysis, we studied the impacts of farmers' expenditures for farm capital items on business or economic activity, on the amount of labor required, and on the distribution of retained income due to supporting goods and services for farm capital items. The input-output technique measures the inter-industry (among sectors of the economy) transfer of goods and services required to satisfy the demand for capital items. It allows us to estimate the impact of farmers' capital expenditures in stimulating additional economic activity—the multiplier effect. It also provides data showing economic activity impact on various sectors of the economy—such as trade, construction, transportation, and so on.

Widespread Effects of Capital Expenditures

In 1971, farmers spent \$7.0 billion for all capital items.¹ However, the firms which supplied the \$7.0 billion of materials

and services in turn had to purchase goods and services from other firms. Consequently the original expenditures for capital items generated additional economic activity within the U.S. economy. The total business activity stimulated in 1971 by the \$7.0 billion in capital expenditures was \$15.1 billion.

Of the total outlays for capital items in 1971, farmers spent around \$4.9 billion for farm machinery. This expenditure generated some \$10.4 billion in total business activity that year. The additional economic activity was created because of increased output of steel, rubber, and other items to manufacture the machinery, more construction of plants and machine tools, larger employment in manufacturing and construction, and increased business of selling and servicing the machinery, to name a few. At the same time, farmers spent \$2.1 billion for buildings and other capital improvements which generated \$4.7 billion of total business activity.

To maintain this level of economic activity, nearly 640,000 workers were needed to produce and deliver farm capital items in 1971. With a total civilian labor force of 84 million, this result suggests nearly 1 percent of the U.S. civilian work force was employed in providing fixed capital items for farming in 1971.

Thus, on an economy-wide basis, each dollar farmers spent for fixed capital items in 1971 stimulated \$2.10 of total business in the economy. And each million dollars of such expenditure was associated with the employment of around 91 workers.

How applicable are these 1971 results to today's situation? First of all, 1971 is the latest year for which the detailed breakdown of capital expenditures by farmers needed for this type of analysis is available. Because of different inflation rates in various sectors of the economy, changes in production techniques, or changes in farmer's purchasing patterns for capital items since the base year, discretion should be exercised in applying these multipliers to levels of economic activity measured in current dollars. However, the primary conclusion that farmers' expenditures for fixed capital items have a widespread impact on the U.S. economy would still hold.

All sectors of the economy are not influenced equally by expenditures in agriculture. Farm capital expenditures for buildings and other improvements generated around \$1.9 billion of economic activity in the construction sectors, both new and maintenance, in 1971. Machinery manufacturing (all machinery) received nearly \$4.3 billion, due mainly to farm machinery and equipment expenditures. The material input sectors—

which supply wood, metal, plastics, rubber, petroleum products and so on for construction and machinery manufacturing—had their output augmented by over \$3.1 billion, with about equal impetus from the construction and the machinery and equipment expenditure categories. The remainder of the manufacturing sectors received \$1.6 billion.

The wholesale and retail trade sector was an important beneficiary of farm investment expenditures during 1971, when nearly \$1.8 billion of economic activity was generated. This trade activity was associated mainly

with farm machinery and equipment purchases. The transportation sector received about 3 percent of the \$15.1 billion total activity, while utilities were recipients of some 1 percent of the total. Slightly over \$400 million of foreign imports were included in the total economic activity stimulated by farm capital expenditures. Proportionally, this was about 2 percent of activity due to expenditures for buildings and other improvements, and around 3 percent of the machinery and equipment activity. The remaining \$1.4 billion was received by other service sectors and the farm sector.

Employment Levels Also Influenced

Employment also benefits from the economic activity stimulated by farmers' capital expenditures. Assuming employment varies directly with the level of business activity, then the \$4.7 billion of economic activity associated with farmers' capital expenditures for buildings and other improvements required the employment of about 206,000 workers throughout the economy in 1971. Similarly, the \$10.4 billion of business activity associated with farmers' machinery and equipment expenditures required the employment of some 431,000 workers.

Because production processes differ among segments of the economy, stimulated employment effects may differ from the additional business impacts in any one sector. This observation is particularly evident when looking at the economic activity generated by farmers' capital expenditures for machinery and equipment. For example, the relative share of economic activity stimulated by these expenditures which occurred in the machinery manufacturing sector was 41 percent when the economic activity was the dollar volume of business sales, but 28 percent when the economic activity was employment. The opposite effect is apparent in the trade sector where employment levels are affected more than business activity levels, 33 percent compared with 14 percent. Observing that the service sector (trade) is more labor intensive than the manufacturing sector (machinery manufacturing) may not reveal any new information. Yet this discussion serves as a reminder that the same stimulus can show different effects on the economy depending on the measurement used.

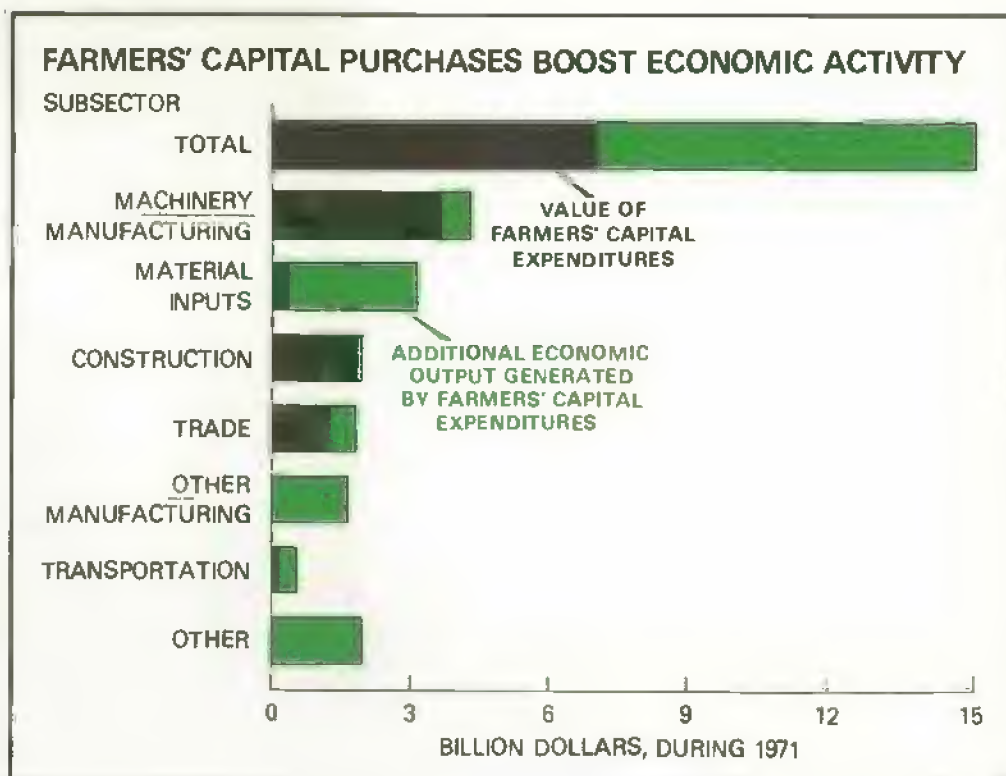
Perhaps the most striking difference between the employment effect of the two fixed farm capital categories—buildings and machinery—is the impact upon the wholesale and retail trade sector. Employment in this sector with its impetus from farmers' machinery and equipment expenditures was about 140,000 workers in 1971, greater than any other sector. This is in part a reflection of the concentration of machinery and equipment manufacturing, both economically and geographically, and the dispersion of the farm market which requires an extensive trade network to link the two.

Where Does The Income Finally Go?

As the effects of farm capital expenditures worked their way through the economy in 1971, we have seen that \$2.10 of business activity was stimulated per dollar of expenditure. However, each time a transaction occurs

Distribution of income dollar due to farmers' capital expenditures, 1971

Subsector	Buildings and other improvements		Cents	Machinery and equipment	
	Initial	Final		Initial	Final
Construction	86	32	—	—	1
Material inputs	11	29	2	15	
Machinery manufacturing	—	—	73	32	
Trade	3	12	23	23	
Transportation	—	5	1	4	
Other manufacturing	—	9	1	11	
Other services and farming	—	13	—	14	



between two sectors, a proportion is kept in the receiving sector as income or factor payments and the remainder is passed on to other sectors by purchasing inputs. Unless this fact is remembered, it is easy to think income, rather than business activity, is being stimulated. This process disperses benefits from the expenditures, but actually the new income created is something less than the generated business activity. Moreover, the distribution of the income may bear little resemblance to the initial distribution of farmers' fixed capital expenditures.

About 86 cents of each farmer's dollar spent for buildings and other improvements was received by the construction sector. Ultimately, this sector retained 32 cents of this total and passed the remainder on to other sectors through purchased inputs. On the other hand, the material supplies sectors received only 11 cents of each farmer's dollar spent for buildings and other improvements, but finally received 29 cents as the construction sector purchased additional material inputs. Trade, transportation, and several other sectors also benefited from this transfer effect.

As would be expected, the machinery sector received the major portion (73 percent) of farmers' expenditures for machinery and equipment, and retained around 32 cents of each dollar spent. In the final distribution, material supplies and trade also received a large share of farmers' machinery and equipment expenditures. Several other sectors also shared in the final distribution.

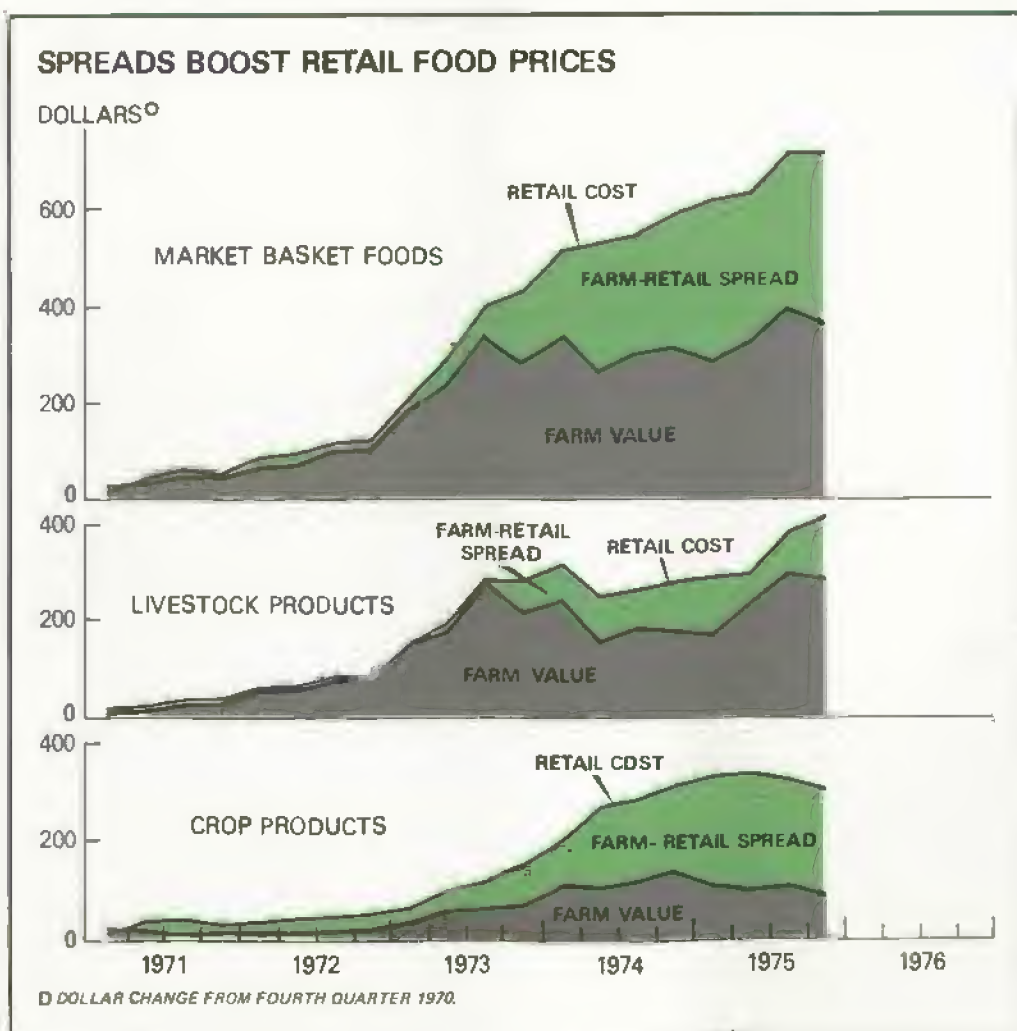
By the time the effects of farmers' capital expenditures work their way through several stages of indirect transactions, their influence gets dispersed and is felt widely within the economy. The transfer from the initial effects to the ultimate effects of course is not instantaneous. Thus, shipments in the machinery manufacturing sector fell last year while raw steel production, except for coal strike-induced disruptions, held steady until March of last year before dropping. Of course, all the drop in steel production can't be attributed to smaller capital expenditures by farmers, but some can be and this is illustrative of the type of adjustments discussed in this paper.

¹ USDA, *Farm Production Expenditures for 1971*, Statistical Reporting Service, Wash., D.C., Sp Sy 5(5-75), May 1975. All farm expenditures were designated as either current or capital which involved some subjective classifications. Although an attempt was made to be internally consistent, the \$7 billion figure may differ from that obtained using other classification methods.



FOOD MARKETING CHARGES: THEIR IMPACT ON RETAIL PRICES

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With record grain harvests and rising production of meat and most other livestock products, prices of many goods sold by farmers have fallen in recent months. However, there have not been corresponding changes in retail prices, and where reductions have been posted, they have lagged the farm price declines. In fact, for a market basket of all farm foods, the retail cost rose about 1½ percent from last September to

December. During the same period, the farm value of these foods fell nearly 7 percent.

Commodity Specifics

Spreads widened most for pork, as hog prices dipped sharply from over \$61 per cwt. in the fall last year to \$48 in December. These lower farm prices, however, have not been fully reflected in retail pork prices. During the 4-month period, retail prices de-

clined only about 6 cents per pound while the farm value dropped 22 cents. Thus, the marketing spread widened 16 cents, with all of the increase falling within the wholesale-to-retail range of the spread. Farm prices of fed beef also declined during this period and also were only partially reflected at retail, resulting in a widened marketing spread.

Spreads for bakery products—already at high levels—widened around 6½ percent from September to December. Although the farm value of all ingredients in such products declined 15½ percent during the period, the retail cost only eased by 2½ percent.

The farm value of the ingredients of fats and oils products fell a fourth between September and December, while retail prices remained about the same. Thus, the farm-retail spread absorbed virtually all of the decline in farm prices of these products.

What Happened in 1975?

Farm-retail spreads for market basket foods seesawed in the first half of 1975, then moved up sharply in the last half. At the beginning of the year they were at record highs but decreased substantially in the second quarter mainly because live animal prices advanced faster than retail prices for beef and pork. However, partially offsetting were rapidly rising spreads for crop products, particularly bakery and cereal and oilseed products. Returns to farmers for ingredients going into these crop products dropped in each of the first 6 months of last year, but retail prices only began to show slight decreases in April and May. As a result, farm-retail spreads for crop products widened sharply in the first half of the year.

In the third quarter, farm-retail spreads for market basket foods rose sharply, just about regaining the drop in the previous quarter. The increase mainly resulted from much wider spreads for beef and pork. Spreads for bakery and cereals and oilseed products dropped as farm values rallied at the announcement of the grain sale to Russia. For all of 1975, the spread for market basket foods averaged 9 percent wider than in 1974. This was much less than 1974's bulge of over 20 percent.

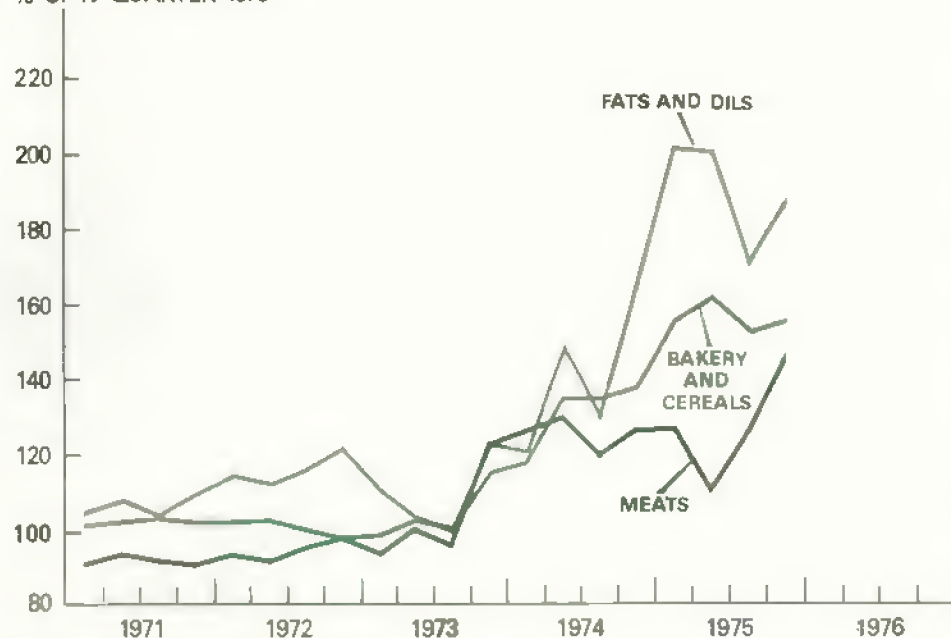
Input Prices Higher

Reflecting inflation in the general economy during the past 2 years, there were big increases in costs of packaging, transportation, energy, labor, and most other inputs used by food marketing firms. However, price increases for some slowed in 1975 as inflation eased.

Prices for intermediate goods and services

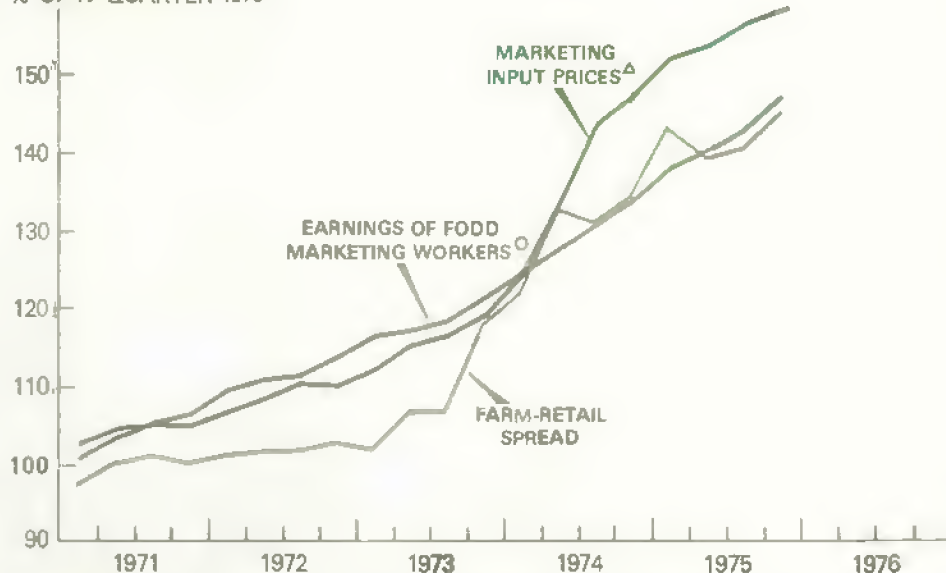
SPREADS WIDEN SHARPLY FOR MAJOR FOOD GROUPS

% OF IV QUARTER 1970



SPREADS REFLECT HIGHER INPUT PRICES AND LABOR COSTS

% OF IV QUARTER 1970



○ HOURLY EARNINGS OF PRODUCTION EMPLOYEES IN FOOD MANUFACTURING AND NONSUPERVISORY EMPLOYEES IN WHOLESALE AND RETAIL TRADE. INTERMEDIATE GOODS AND SERVICES PURCHASED BY FOOD MARKETING FIRMS.

purchased by food marketing firms rose 13 percent in 1975, compared with 19 percent in 1974. Packaging materials, which now account for an eighth of total marketing costs, jumped 23 percent in 1974, compared with 15 percent in 1975. The energy cost spiral—an unprecedented 46 percent in 1974—slowed to 17 percent in 1975. Interest rates dropped to 8.2 percent by third quarter 1975, compared with 12.4 percent a year earlier. And the increased cost of shipping food products by rail, up 16 percent in 1974, slowed to a 13 percent rate last year.

In contrast, labor costs, the biggest expense for food marketing firms, accelerated last year. Hourly earnings of food marketing employees increased about 10 percent in 1975, up from the year-earlier increase of 9 percent and an annual average rise of a little over 6 percent in the early 1970's.

The Profit Picture

Profits of large food chains have increased since the low level of 1972, particularly if A&P, which had huge losses due to store closings is excluded, and if adjustments are made to account for the reduction in reported profits due to several chains switching from the FIFO (first in-first out) to LIFO (last in-last out) inventory accounting method.

Between 1972 and 1974, after-tax profits of 14 leading food chains (excluding A&P) increased from 0.77 percent of sales to 0.89 percent, and from 8.4 percent of stockholder's equity to 11.1 percent. However, three companies switched to the LIFO inventory method in 1974, which reduced reported profit margins. If the switch had not been made, profits of the 14 chains would have averaged almost 1.1 percent of sales in 1974 and 12.8 percent of stockholders' equity.

Although 1972 was a low profit year, these adjusted profit margins, are comparable to those earned in earlier years. Food chain profit margins showed little change in the first 9 months of last year over 1974. However, A&P's abandonment of its WEO discount program probably reduced competitive pressure on profit margins in the industry, since a recent Federal Trade Commission (FTC) study showed that stores competing with A&P earned a substantially lower return on equity than those in non-competing areas.

As raw material costs declined in 1975, profit margins of food manufacturing companies rose. These margins, as reported by FTC, averaged 3.2 percent of sales in the first 9 months of 1975, compared with 2.9 percent for the same period in 1974, and returns on stockholder's equity rose from

13.6 percent to 14.4 percent. By third quarter 1975, margins surged to a 2-year high, averaging 3.7 percent of sales and 17.2 percent of stockholder's equity.

Profit margins rose as raw material costs, particularly for bakery and cereal products and fats and oils, dropped sharply. For example, sugar prices dropped from around 67 cents per pound late in 1974 to 15 cents

per pound last fall. Soybean oil prices dropped from 41 cents per pound in the fall of 1974 to around 16 cents per pound at the end of last year. Flour prices declined from \$11 per cwt. in October 1974 to less than \$9 per cwt. in the spring of 1975 before the announcement of wheat sales to Russia gave a temporary spurt to flour prices in late summer.

Profit margins¹ of retail food chains and food manufacturers

Period	Food retailers ²		Food manu- facturers ³	10 meat Packing firms ⁴	All manu- facturing industries
	15 leading firms	Excluding A&P			
Profits as percentage of stockholder equity					
1970	10.6	11.7	10.8	8.7	9.3
1971	9.6	11.7	11.0	10.8	9.7
1972	5.1	8.4	11.2	9.1	10.6
1973	8.2	9.6	12.8	11.2	12.8
1974	4.8	11.1	13.9	12.2 (8 firms)	14.9
1974					
I	—	—	12.4	—	14.3
II	—	—	12.8	—	16.7
III	—	—	15.4	—	15.4
IV	—	—	14.7	—	13.2
1975					
I	—	—	10.7	—	9.0
II	—	—	15.0	—	11.9
III	—	—	17.2	—	12.4
IV	—	—	—	—	—
Profits as a percentage of sales					
1970	1.04	1.08	2.5	0.9	4.0
1971 .....	.94	1.09	2.6	1.3	4.1
1972 .....	.47	.77	2.6	1.0	4.3
1973 .....	.73	.85	2.6	1.1	4.7
1974 .....	.37	.89	2.9	1.2 (9 firms)	5.5
1974					
I .....	.84	.88	2.7	1.1	5.6
II .....	.74	.77	2.7	.9	6.0
III	1.03	1.17	3.2	1.3	5.7
IV .....	.61	.65	3.0	1.3	4.8
1975					
I	-1.00	.83	2.4	1.2 (8 firms)	3.7
II .....	.67	.85	3.3	1.4 (8 firms)	4.7
III .....	.86	.93	3.7	1.2 (8 firms)	4.9
IV	—	—	—	1.6 (7 firms)	—

¹After Federal income taxes. ²Compiled from "Moody's Industrial Manual." Two series are shown because of the low profit levels of A&P in recent years and the substantial loss incurred in 1974 due to the establishment of reserve to cover expected losses from its planned closings of stores.

³Compiled from "Quarterly Financial Report for Manufacturing Corporations" published by the Federal Trade Commission. Data since the fourth quarter of 1973 are imperfectly comparable with prior data because of changes in accounting methods. ⁴Compiled from "Moody's Industrial Manual."

STATISTICAL INDICATORS

FARM INCOME

Gross and Net Farm Income¹

Items	Annual			1973				1974				1975		
	1972	1973	1974	I	II	III	IV	I	II	III	IV	I	II	III
	\$ Bil.													
Cash receipts from farm marketings	61.2	86.9	93.5	76.1	84.2	92.0	95.2	98.4	90.1	91.5	94.1	85.5	91.7	94.7
Nonmoney and other farm income ²	8.9	8.4	7.6	8.5	8.4	8.4	8.4	7.4	7.5	7.7	7.8	8.2	8.2	8.2
Realized gross farm income	70.1	95.3	101.1	84.6	92.6	100.4	103.6	105.8	97.6	99.2	101.9	93.7	99.9	102.9
Farm production expenses ..	52.8	65.8	73.4	60.0	64.1	69.2	70.0	72.6	73.2	73.8	74.0	74.0	75.4	77.2
Farmers' realized net income	17.3	29.5	27.7	24.6	28.5	31.2	33.6	33.2	24.4	25.4	27.9	19.7	24.5	25.7
Net change in farm inventories .....	.9	3.6	-1.6	2.4	3.4	4.8	3.9	1.1	-1.6	-3.1	-2.9	1.0	2.5	3.0
Farmers' total net income	18.2	33.1	26.1	27.0	31.9	36.0	37.5	34.3	22.8	22.3	25.0	20.7	27.0	28.7

¹ Quarterly data are seasonally adjusted at annual rates. ² Includes government payments to farmers, value of farm products consumed in farm households, rental value of farm dwellings, and income from recreation, machine hire, and custom work.

Cash receipts from farming

Items	Annual		1975										
	1974	Nov	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
	\$ mil.												
Farm marketings and CCC loans ¹	93,521	10,044	7,407	5,397	5,521	5,597	5,742	6,663	7,712	7,656	8,789	11,360	10,115
Livestock and products	41,424	3,206	3,208	2,900	3,073	3,314	3,550	3,549	3,602	3,565	4,087	4,465	3,954
Meat animals	25,257	1,916	1,890	1,676	1,735	2,002	2,150	2,174	2,155	2,109	2,598	2,884	2,456
Dairy products	9,399	719	755	719	811	807	845	808	793	791	798	861	851
Poultry and eggs	6,285	540	524	468	494	462	511	527	615	628	657	685	615
Other	483	31	39	37	33	43	44	40	39	37	34	35	32
Crops	52,097	6,838	4,199	2,497	2,448	2,283	2,192	3,114	4,110	4,091	4,702	6,895	6,161
Food grains	9,276	633	610	405	374	392	340	858	1,429	1,243	1,161	1,035	564
Feed crops	13,882	1,674	1,425	796	668	562	580	831	996	1,018	982	1,578	1,811
Cotton (lint and seed)	2,975	659	379	165	114	121	69	69	71	46	125	427	410
Tobacco	2,146	311	227	17	1	12	15	3	138	318	403	352	304
Oil-bearing crops	9,604	1,505	679	351	488	332	330	378	400	368	527	1,872	1,426
Vegetables and melons	5,358	423	303	266	288	307	323	427	490	568	787	825	407
Fruits and tree nuts	3,476	377	206	215	190	196	253	358	333	299	411	438	392
Other	5,380	1,256	370	282	325	361	282	190	253	231	306	368	847
Government payments	530	84	140	150	96	57	32	14	26	44	46	76	50
Total cash receipts ²	94,051	10,128	7,547	5,547	5,617	5,654	5,774	6,677	7,738	7,700	8,835	11,436	10,165

¹ Receipts from loans represent value of loans minus value of redemptions during the month. ² Details may not add because of rounding.

Cash receipts¹ from farm marketings, by States, January-November

State	Livestock and Products		Crops ²		Total ²	
	1974	1975	1974	1975	1974	1975
\$ Mil.						
NORTH ATLANTIC						
Maine	207.5	222.6	200.8	99.9	408.3	322.6
New Hampshire	47.0	47.5	18.6	18.2	65.6	65.7
Vermont	181.9	185.4	16.4	16.3	198.3	201.7
Massachusetts	95.0	95.6	85.2	89.8	180.2	185.4
Rhode Island	10.6	10.7	13.3	15.0	24.0	25.6
Connecticut	114.5	112.0	72.8	90.8	187.2	202.7
New York	947.2	951.6	467.0	464.4	1,414.2	1,416.0
New Jersey	103.9	98.7	223.4	218.0	327.3	316.8
Pennsylvania	1,004.4	1,001.7	459.0	441.3	1,463.4	1,442.9
NORTH CENTRAL						
Ohio	913.7	957.6	1,357.1	1,499.7	2,270.8	2,457.2
Indiana	1,071.3	1,146.8	1,769.0	1,548.3	2,840.3	2,695.1
Illinois	1,647.7	1,750.8	3,635.9	3,259.3	5,283.6	5,010.1
Michigan	649.3	661.8	952.1	897.4	1,601.5	1,559.2
Wisconsin	1,780.2	1,848.5	482.3	477.2	2,262.5	2,325.7
Minnesota	1,792.1	1,809.2	2,425.8	1,751.3	4,217.9	3,560.5
Iowa	3,488.5	3,699.4	3,239.9	2,462.4	6,728.4	6,161.8
Missouri	1,356.6	1,372.6	1,190.7	963.8	2,547.3	2,336.3
North Dakota	425.5	408.3	1,933.4	1,395.6	2,358.9	1,803.9
South Dakota	1,208.7	1,213.5	772.0	514.1	1,980.7	1,727.6
Nebraska	2,114.9	2,183.3	1,815.5	1,521.4	3,930.3	3,704.8
Kansas	1,732.8	1,657.9	1,944.9	1,815.1	3,677.7	3,473.1
SOUTHERN						
Delaware	146.9	160.4	105.1	93.5	252.0	253.9
Maryland	339.0	363.2	241.2	230.7	580.2	593.9
Virginia	420.1	444.1	476.6	458.4	896.7	902.5
West Virginia	92.4	90.7	38.9	46.4	131.4	137.1
North Carolina	844.9	907.1	1,625.6	1,621.3	2,470.4	2,528.4
South Carolina	230.7	237.7	529.0	510.0	759.7	747.7
Georgia	935.2	999.7	1,011.4	1,089.9	1,946.6	2,089.6
Florida	507.1	507.4	1,483.2	1,607.2	1,990.3	2,114.6
Kentucky	543.7	534.8	578.5	519.2	1,122.2	1,054.0
Tennessee	425.3	414.2	410.8	376.8	836.1	791.0
Alabama	619.9	695.8	470.8	501.7	1,090.7	1,197.5
Mississippi	551.1	548.9	733.2	558.8	1,284.3	1,107.7
Arkansas	754.9	831.3	1,153.0	1,074.8	1,907.9	1,906.1
Louisiana	309.5	325.9	789.7	787.6	1,099.2	1,113.5
Oklahoma	1,040.9	966.0	758.5	742.0	1,799.5	1,708.0
Texas	2,748.1	2,654.6	2,617.2	2,597.3	5,365.3	5,251.9
WESTERN						
Montana	403.6	442.7	681.2	619.6	1,084.8	1,062.3
Idaho	382.0	385.0	943.5	778.3	1,325.5	1,163.3
Wyoming	225.0	243.5	106.7	87.5	331.6	330.9
Colorado	1,316.7	1,337.9	651.2	534.1	1,967.9	1,872.0
New Mexico	379.8	411.3	136.1	160.1	515.9	571.4
Arizona	544.9	564.0	534.8	524.5	1,079.7	1,088.4
Utah	202.5	202.9	87.1	83.4	289.6	286.2
Nevada	91.4	91.2	31.3	29.8	122.7	121.0
Washington	422.0	421.4	1,407.6	1,506.6	1,829.6	1,928.0
Oregon	304.1	302.1	720.3	652.5	1,024.4	954.5
California	2,568.5	2,690.4	5,316.7	5,111.9	7,885.1	7,802.3
Alaska	3.2	3.4	1.9	1.7	5.1	5.0
Hawaii	52.8	53.9	530.3	227.4	583.1	281.4
UNITED STATES						
Grand Total ²	38,299.6	39,266.8	47,246.5	42,692.3	85,546.1	81,959.0

¹ Estimates as of the first of current month. ² Sales of farm products include receipts from loans reported minus value of redemptions during the period. Rounded data may not add.

Farm Marketing Indexes (Physical Volume)

Items	Annual	1974	1975										
	1974	Nov	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
							1967=100						
All commodities	111	137	113	88	89	89	89	100	112	112	129	169	157
Livestock and products	104	105	104	94	100	103	102	99	100	101	110	123	112
Crops	122	182	127	78	72	68	70	99	130	127	153	234	220

FARM PRICES: RECEIVED AND PAID

Prices received by farmers, U.S. average

Commodities	Annual			1974	1975						
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec ¹	
Crops											
All wheat (\$/bu.)	3.16	4.48	3.68	4.65	3.33	3.89	4.11	4.02	3.58	3.41	
Rice, rough (\$/cwt.)	11.00	¹ 13.81	9.86	10.50	11.00	9.80	8.88	8.86	8.45	8.29	
Corn (\$/bu.)	1.89	2.92	2.70	3.27	2.72	2.95	2.76	2.62	2.33	2.37	
Sorghum (\$/cwt.)	3.20	4.59	4.31	5.33	4.25	4.69	4.56	4.43	4.05	4.00	
All hay, baled (\$/ton)	39.10	49.10	51.40	50.70	51.20	51.00	50.80	50.30	50.20	51.60	
Soybeans (\$/bu.)	6.49	6.42	5.24	7.03	5.28	5.80	5.32	4.92	4.45	4.28	
Cotton, Upland (cts./lb.)	32.46	51.30	40.50	43.80	40.50	42.90	44.70	49.80	49.70	50.00	
Potatoes (\$/cwt.)	4.25	5.72	5.57	3.51	7.51	5.91	4.23	4.03	3.99	4.10	
Dry edible beans (\$/cwt.)	16.87	32.28	20.37	20.20	19.80	21.80	26.20	24.40	21.10	20.60	
Apples for fresh use (cts./lb.)	10.8	11.5	11.4	10.2	14.4	11.9	11.7	9.3	8.7	8.7	
Pears for fresh use (\$/ton)	² 192	¹ 200	¹ 185	183	300	186	157	150	172	181	
Oranges, all uses (\$/box) ³	1.93	1.96	1.65	1.43	1.90	1.37	2.02	1.76	1.51	1.82	
Grapefruit, all uses (\$/box) ³	2.02	1.84	1.80	1.77	1.61	2.40	2.08	2.07	1.50	1.60	
Livestock											
Beef cattle (\$/cwt.)	43.00	35.80	32.90	27.70	36.20	33.10	34.80	34.40	33.20	34.50	
Calves (\$/cwt.)	57.00	38.60	27.30	25.00	28.10	25.70	27.40	27.40	29.20	30.70	
Hogs (\$/cwt.)	39.40	34.30	47.50	38.30	54.10	56.00	58.50	58.00	49.00	47.50	
Lambs (\$/cwt.)	35.30	37.40	42.00	36.10	43.50	39.80	40.40	42.30	43.90	46.20	
All milk, sold to plants (\$/cwt.)	7.20	8.34	8.71	8.25	8.19	8.56	9.16	9.66	9.99	⁴ 10.20	
Milk, manuf. grade (\$/cwt.)	6.30	7.13	7.69	6.74	7.25	7.60	8.22	8.72	8.99	⁴ 9.26	
Broilers (cts./lb.)	24.2	21.7	26.4	21.9	30.3	28.8	29.8	28.8	27.2	24.0	
Eggs (cts./doz.) ⁵	54.1	52.9	52.8	59.0	46.4	50.5	55.8	52.8	57.7	64.1	
Turkeys (cts./lb.)	34.8	28.8	33.3	33.4	34.1	35.2	36.0	36.1	36.5	36.0	
Wool (cts./lb.) ⁶	82.7	59.1	45.2	43.5	47.8	46.0	46.2	50.4	54.8	52.8	

¹ Eleven month average. ² Ten month average. ³ Equivalent on-tree returns. ⁴ Preliminary. ⁵ Average of all eggs sold by farmers, including hatching eggs and eggs sold at retail. ⁶ Average local market price, excluding incentive payments.

Indexes of prices received and paid by farmers, U.S. average

Items	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
	1967=100									
Prices Received										
All farm products	172	184	181	178	187	187	194	193	185	187
All crops	164	214	194	214	199	201	202	199	188	188
Food grains	214	299	240	297	224	252	262	256	231	220
Feed grains and hay	162	242	231	273	228	243	235	226	208	210
Feed grains	161	246	232	282	229	247	237	228	206	207
Cotton	144	227	179	194	179	190	197	220	219	221
Tobacco	129	148	162	167	150	156	166	166	157	157
Oil-bearing crops	208	230	195	254	197	205	197	187	170	163
Fruit	136	143	146	127	161	147	157	144	139	138
Fresh market ¹	139	141	143	119	165	145	157	140	133	132
Commercial vegetables	135	144	168	154	182	155	163	155	161	177
Fresh market	157	156	181	159	208	162	172	159	169	196
Potatoes ²	204	293	221	187	328	275	230	216	209	211
Livestock and products	179	164	172	153	180	179	188	190	184	187
Meat animals	198	165	175	146	194	188	197	195	179	181
Dairy products	140	160	167	158	156	163	173	183	192	196
Poultry and eggs	175	162	173	177	167	173	186	179	188	195
Wool	201	146	114	109	121	116	117	127	138	133
Prices Paid										
Commodities and services, interest, taxes, and wage rates	145	169	185	179	186	187	189	189	189	189
Family living items	138	161	177	173	178	179	180	180	182	182
Production items	146	172	188	184	190	192	194	192	192	192
Feed	164	192	186	207	183	189	187	186	180	181
Feeder livestock	188	144	127	113	127	124	139	140	141	143
Interest per acre on farm real estate debt	192	227	265	222	265	265	265	265	265	265
Taxes per acre on farm real estate	146	154	162	154	162	162	162	162	162	162
Wage rates (seasonally adjusted)	155	174	189	178	189	189	189	192	192	192
Production items, interest, taxes, and wage rates	150	174	190	183	191	192	194	194	193	194
Prices received (1910-14=100)	438	467	459	451	476	476	192	490	470	475
Prices paid, etc. (Parity index) (1910-14=100)	496	578	632	612	637	640	646	645	645	647
Parity ratio	88	81	73	74	75	74	76	76	73	73

¹ Fresh market for noncitrus and fresh market and processing for citrus. ² Includes sweetpotatoes and dry edible beans.

WHOLESALE AND RETAIL PRICES

Wholesale Price Index, U.S. average (not seasonally adjusted)

Commodity group	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
1967=100										
All commodities	134.7	160.1	174.9	171.5	175.7	176.7	177.7	178.9	178.2	178.7
Industrial commodities	125.9	153.8	171.5	166.1	171.2	172.2	173.1	174.7	175.4	176.1
All foods ¹	146.9	174.4	186.0	189.2	189.8	189.0	189.7	189.1	186.0	185.2
Farm products and processed foods and feed	159.1	177.4	184.2	186.5	188.2	189.0	190.4	190.5	186.1	186.0
Farm products	176.3	187.7	186.7	183.7	193.7	193.2	197.1	197.3	191.7	193.8
Fruits and vegetables ²	168.1	192.3	183.7	163.7	208.6	179.6	182.6	183.3	179.0	190.3
Grains	183.6	257.9	224.3	276.0	219.3	237.8	232.9	227.4	207.9	209.5
Livestock	190.4	170.6	187.8	159.5	211.3	203.0	209.9	207.8	193.4	191.6
Poultry, live	179.5	157.4	189.8	167.3	219.1	202.4	203.9	210.8	203.7	181.3
Fibers, plant and animal	197.8	193.9	153.1	143.0	152.7	161.1	164.0	164.5	167.0	179.5
Milk	145.0	172.8	180.2	172.8	168.8	176.0	186.0	197.8	207.9	212.7
Eggs	165.7	160.6	159.8	181.1	139.7	156.7	174.4	158.4	175.8	192.3
Oilseeds	231.2	232.2	198.5	250.7	203.8	216.6	196.4	184.4	168.8	166.9
Processed foods and feeds	148.1	170.9	182.6	188.2	184.6	186.3	186.1	186.2	182.6	181.0
Meats	163.4	159.6	188.7	156.0	208.0	203.4	209.3	209.1	198.3	196.0
Beef and veal	163.6	158.6	176.3	139.8	201.0	186.5	192.7	183.7	174.7	183.0
Pork	160.5	162.3	210.3	176.6	231.4	241.0	250.0	255.5	239.0	171.1
Poultry	177.2	157.3	184.1	165.5	208.9	195.3	196.5	202.6	195.8	177.7
Fish	190.8	204.6	218.7	194.7	225.2	224.9	229.5	231.0	228.1	240.7
Dairy	131.1	146.4	155.8	146.7	153.2	156.3	160.8	165.6	168.1	171.3
Processed fruits and vegetables	129.6	154.6	169.8	170.1	169.4	168.6	168.4	169.3	169.0	168.5
Cereal and bakery products	134.4	171.2	178.0	181.9	176.7	175.8	177.0	177.6	177.0	174.6
Sugar and confectionery	132.3	258.9	254.3	401.4	228.4	243.2	219.4	208.3	207.6	199.1
Beverages	121.7	140.7	162.4	158.2	159.4	161.6	162.5	165.1	165.1	165.4
Vegetable oil end products	143.6	224.8	211.5	246.9	203.8	207.9	197.7	191.1	190.4	184.0
Textile products and apparel	123.8	139.1	137.9	138.4	136.8	137.6	138.4	141.3	143.2	144.0
Cotton products	143.6	175.4	169.4	165.7	167.4	169.4	171.4	182.8	188.3	192.3
Wool products	128.2	119.0	108.3	107.3	107.8	108.5	108.5	114.9	115.6	116.4
Apparel	119.0	129.5	133.4	133.7	132.4	132.8	133.1	133.6	134.8	135.1
Hides, leather, and related products	143.1	145.1	148.5	143.2	149.3	149.3	151.3	152.4	154.4	154.6
Footwear	130.5	140.0	147.8	144.8	147.3	147.5	149.5	150.1	150.2	150.5
Lumber and wood products	177.2	183.6	176.8	165.4	179.6	179.7	179.9	179.1	178.3	183.1
Tobacco products	121.9	132.8	149.6	146.8	148.7	148.7	148.9	149.1	151.4	159.0

¹ Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from farm product group. ² Fresh and dried.

Consumer Price Index, U.S. average (not seasonally adjusted)

Items	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
	1967=100									
Consumer price index, all items	133.1	147.7	161.2	155.4	162.3	162.8	163.6	164.6	165.6	166.3
Consumer price index, less food	130.7	143.7	157.1	151.3	157.6	158.3	159.5	160.4	161.5	162.1
All food	141.4	161.7	175.4	169.7	178.6	178.1	177.8	179.0	179.8	180.7
Food away from home	141.4	159.4	174.3	167.6	174.2	175.3	176.5	178.0	179.2	180.0
Food at home	141.4	162.4	175.8	170.3	179.9	179.0	178.2	179.3	180.0	180.9
Meats ¹	161.1	164.1	177.9	161.7	188.5	190.4	190.5	194.3	192.4	189.8
Beef and veal	163.8	168.5	170.0	160.1	186.4	182.5	176.7	178.3	175.3	174.7
Pork	161.7	161.0	196.9	167.1	204.9	214.3	222.4	230.9	227.5	219.6
Poultry	154.8	146.9	162.4	154.9	172.8	174.3	177.2	171.6	171.1	168.5
Fish	162.8	187.7	203.3	194.8	202.9	205.1	208.1	210.6	211.7	214.1
Eggs	160.2	160.8	157.8	172.6	144.6	151.1	163.9	159.3	160.1	176.4
Dairy products ²	127.9	151.9	156.6	155.3	153.4	154.3	156.3	159.4	162.8	165.5
Fats and oils ³	126.4	179.4	198.6	212.6	191.7	189.3	189.7	188.8	187.1	185.9
Fruits and vegetables	142.5	165.8	171.0	161.3	188.8	177.9	167.4	165.5	168.7	172.1
Fresh	150.8	162.6	166.1	149.6	198.4	180.0	161.6	156.1	158.2	162.1
Processed	130.2	170.6	178.3	178.7	174.7	174.8	176.1	179.6	184.3	187.0
Cereals and bakery products	127.7	166.1	184.8	181.7	184.6	182.6	181.6	181.6	181.9	182.2
Sugar and sweets	128.3	195.2	246.2	279.0	228.9	236.0	238.2	235.0	228.0	225.7
Beverages, nonalcoholic	130.2	155.6	178.9	172.7	174.1	175.1	177.9	183.7	188.1	190.1
Apparel commodities less footwear	126.5	135.7	140.6	141.5	139.1	140.6	141.9	143.1	144.1	143.6
Footwear	130.2	138.1	144.2	142.2	143.1	143.9	144.6	145.4	146.3	145.7
Tobacco products	137.0	143.8	153.9	150.9	154.0	154.4	154.4	154.3	154.8	156.8
Beverages, alcoholic	122.5	131.8	142.1	138.5	142.2	142.8	142.5	143.3	143.5	143.7

¹ Beef, veal, lamb, mutton, pork, and processed meat. ² Includes butter. ³ Excludes butter.

FARM-RETAIL PRICE SPREADS

Farm-Retail Price Spreads¹

Commodities	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Market basket:										
Retail cost (1967=100)	142.3	161.9	173.6	167.8	178.8	177.6	176.4	177.2	177.8	178.8
Farm value (1967=100)	167.2	178.4	186.7	178.2	200.0	197.3	202.6	197.3	188.2	189.0
Farm-retail spread (1967=100)	126.5	151.4	165.3	161.2	165.4	165.1	159.8	164.4	171.2	172.3
Farmer's share (%)	46	43	42	41	43	43	45	43	41	41
Beef, choice:										
Retail price ² (cts./lb.)	135.5	138.8	146.0	132.2	161.0	155.5	152.8	152.4	151.2	150.6
Carcass value ³ (cts.)	98.1	97.4	105.5	87.5	119.7	112.1	114.5	108.9	105.0	105.7
Net farm value (cts./2.28 lbs.)	89.9	86.1	99.9	77.1	105.8	96.8	100.2	97.2	92.0	93.6
Farm-retail spread (cts.)	45.6	52.7	53.1	55.1	55.2	58.7	52.6	55.2	59.2	57.0
Carcass-retail spread ⁴ (cts.)	37.4	41.4	40.5	44.7	41.3	43.4	38.3	43.5	46.2	44.9
Farm-carcass spread ⁵ (cts.)	8.2	11.3	12.6	10.4	13.9	15.3	14.3	11.7	13.0	12.1
Farmer's share (%)	66	62	64	58	66	62	66	64	61	62
Pork:										
Retail price ² (cts./lb.)	109.8	108.2	135.0	112.7	143.7	150.2	153.8	158.7	154.0	147.5
Wholesale value ³ (cts.)	87.3	77.4	102.4	85.6	113.9	118.2	124.5	117.6	106.8	100.8
Net farm value (cts./1.97 lbs.)	71.5	60.8	86.8	68.5	101.0	102.7	109.2	103.6	89.0	87.1
Farm-retail spread (cts.)	38.3	47.4	48.2	44.2	42.7	47.5	44.6	55.1	65.0	60.4
Carcass-retail spread ⁴ (cts.)	22.5	30.8	32.6	27.1	29.8	32.0	29.3	41.1	47.2	46.7
Farm-carcass spread ⁵ (cts.)	15.8	16.6	15.6	17.2	12.9	15.5	15.3	14.0	17.8	13.7
Farmer's share (%)	65	56	64	61	70	68	71	65	58	59

See footnotes at end of table on next page.

Farm-Retail Price Spreads¹—Continued

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Milk, fresh:										
Retail price (cts./%gal.)	65.4	78.4	78.5	79.2	77.0	77.0	77.7	78.7	80.2	81.1
Farm value (cts./4.39 lbs. Class I)	34.1	40.4	41.2	40.7	39.3	40.7	41.4	43.0	44.7	45.9
Farm-retail spread (cts.)	31.3	38.0	37.3	38.5	37.7	36.3	36.3	35.7	35.5	35.2
Farmer's share (%)	52	52	52	51	51	53	52	55	56	57
Chicken, frying:										
Retail price (cts./lb.)	59.6	56.0	63.3	60.4	68.3	68.6	69.9	66.9	66.5	65.5
Farm value (cts./1.41 lbs. broilers)	35.0	31.5	37.3	33.3	43.4	40.3	42.2	40.6	40.0	37.2
Farm-retail spread (cts.)	24.6	24.5	26.0	27.1	24.9	28.3	27.7	26.3	26.5	28.3
Farmer's share (%)	59	56	59	55	64	59	60	61	60	57
Eggs, large grade A										
Retail price (cts./doz.)	78.0	78.3	77.0	84.1	70.6	73.7	79.9	77.7	78.1	86.1
Farm value (cts./1.03 doz.)	54.4	53.2	50.8	58.4	45.8	49.2	56.0	50.6	52.3	60.5
Farm-retail spread (cts.)	23.6	25.1	26.2	25.7	24.8	24.5	23.9	27.1	25.8	25.6
Farmer's share (%)	70	68	66	69	65	67	70	65	67	70
Bread, white:										
Retail price (cts./lb.)	27.6	34.5	36.0	36.4	35.6	35.1	35.0	35.2	35.3	35.1
Farm value (cts./0.867 lb. wheat)	4.1	5.4	4.5	5.5	4.3	4.8	5.0	4.8	4.3	4.1
Farm value (cts. for all farm ingredients)	5.5	7.9	6.8	8.8	6.5	7.2	7.3	7.0	6.3	6.0
Farm-retail spread (cts.)	22.1	26.6	29.2	27.6	29.1	27.9	27.7	28.2	29.0	29.1
Farmer's share (%)	20	23	19	24	18	21	21	20	18	17
Lettuce:										
Retail price (cts./head)	41.8	42.3	41.5	43.9	37.5	39.5	42.3	40.6	46.4	43.8
Farm value (cts./1.88 lbs.)	14.2	13.2	13.8	11.8	11.9	13.4	16.7	13.9	15.7	16.6
Farm-retail spread (cts.)	27.6	29.1	27.7	32.1	25.6	26.1	25.6	26.7	30.7	27.2
Farmer's share (%)	34	31	33	27	32	34	39	34	34	38
Potatoes:										
Retail price (cts./10 lbs.)	136.6	166.4	134.4	118.4	199.3	178.7	136.5	142.5	141.9	138.9
Farm value (cts./10.42 lbs.)	44.4	59.4	45.4	55.1	78.2	61.6	44.1	42.0	41.6	42.7
Farm-retail spread (cts.)	92.2	107.0	89.0	63.3	121.1	117.1	92.4	100.5	100.3	96.2
Farmer's share (%)	32	36	34	47	39	34	32	29	29	31
Tomatoes:										
Retail price (cts./lb.)	48.2	54.8	57.8	60.8	81.3	48.1	45.6	46.1	49.2	61.2
Farm value (cts./1.18 lbs.)	19.8	21.0	23.8	21.3	34.8	19.1	18.1	17.5	21.5	24.8
Farm-retail spread (cts.)	28.4	33.8	34.0	39.5	46.5	29.0	27.5	28.6	27.7	36.4
Farmer's share (%)	41	38	41	35	43	40	40	38	44	41
Orange juice, frozen concentrate:										
Retail price (cts./6-oz. can)	25.0	25.8	28.2	26.8	28.2	28.2	28.2	28.4	28.6	29.0
Farm value (cts./3.08 lbs.)	8.6	8.9	8.6	9.3	8.8	8.8	8.8	8.8	8.8	8.8
Farm-retail spread (cts.)	16.4	16.9	19.6	17.5	19.4	19.4	19.4	19.6	19.8	20.2
Farmer's share (%)	34	34	30	35	31	31	31	31	31	30
Margarine:										
Retail price (cts./lb.)	37.4	57.4	62.9	70.5	59.2	58.5	58.9	58.9	58.3	57.5
Farm value (cts. for veg. oil and NFDM)	14.0	27.7	21.0	29.8	22.2	24.9	19.8	17.9	16.5	14.3
Farm-retail spread (cts.)	23.4	29.7	41.9	40.7	37.0	33.6	39.1	41.0	41.8	43.2
Farmer's share (%)	37	48	33	42	38	43	34	30	28	25

¹ For a market basket of U.S. farm foods representing the average quantities purchased annually per household in 1960-61 and selected items. Retail prices are from Bureau of Labor Statistics unless otherwise noted. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. Data are preliminary. ² Composite monthly average prices of all cuts adjusted for volume sold at special prices-derived from 8LS and food chain prices. ³ For a quantity equivalent to 1 lb. retail cuts: Beef, 1.41 lb. of carcass beef (1975 data based on yield grade 3); pork, 1.07 lb. of wholesale cuts. ⁴ Represents charges for retailing and other marketing services such as fabricating, wholesaling and in-city transportation. ⁵ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Market basket of farm foods¹

Product group	Annual			1974	1975 ¹			
	1973	1974	1975 ²	IV	I	II	III	IV
	Dollars							
Retail cost								
Meat	523.35	532.66	581.73	527.96	520.21	551.48	625.30	629.90
Dairy	248.95	296.33	302.94	296.74	301.10	297.83	297.30	315.52
Poultry	72.12	68.32	75.51	70.05	70.79	70.68	81.28	79.29
Eggs	56.38	56.90	55.27	59.84	58.31	51.46	53.32	57.98
Bakery and cereal	213.52	277.30	304.60	293.91	311.11	309.05	298.56	299.67
Fresh fruits	66.86	73.15	74.51	71.34	69.79	77.38	82.59	68.34
Fresh vegetables	109.42	118.85	114.07	104.86	107.27	110.60	124.28	114.14
Proc. fruits and veg.	135.23	165.99	187.62	181.35	187.43	187.81	186.15	189.07
Fats and oils	50.02	75.74	81.57	88.75	89.95	83.23	76.90	76.19
Miscellaneous	61.45	84.32	98.26	101.94	108.52	98.29	93.54	92.72
Total	1,537.30	1,749.56	1,876.08	1,796.74	1,824.48	1,837.81	1,919.22	1,922.82
Farm value								
Meat	331.30	299.16	345.93	293.23	284.46	347.10	390.80	361.05
Dairy	123.76	145.82	149.33	141.19	141.61	141.87	148.51	165.45
Poultry	42.43	38.23	44.43	40.61	39.79	41.42	49.49	47.04
Eggs	39.27	38.65	36.48	41.00	38.81	32.07	35.91	39.17
Bakery and cereal:								
All ingredients	47.69	69.15	56.53	75.23	64.05	53.16	56.78	52.12
Grain	37.29	48.76	39.21	49.05	41.76	36.75	40.35	37.98
Fresh fruits	22.13	22.12	22.23	21.46	20.16	25.22	24.02	19.52
Fresh vegetables	38.20	39.78	40.51	35.46	36.66	40.56	45.15	39.67
Proc. fruits and veg.	25.90	36.37	40.50	39.80	40.08	39.20	40.64	42.07
Fats and oils	18.87	35.49	27.07	41.56	32.62	25.95	28.15	21.56
Miscellaneous	11.15	22.87	19.72	30.58	26.15	18.40	18.20	16.11
Total	700.70	747.64	782.73	760.12	724.39	764.95	837.65	803.76
Farm-retail spread								
Meat	192.05	233.50	235.80	234.73	235.75	204.38	234.50	268.85
Dairy	125.19	150.51	153.61	155.55	159.49	155.96	148.79	150.07
Poultry	29.69	30.09	31.08	29.44	31.00	29.26	31.79	32.25
Eggs	17.11	18.25	18.79	18.84	19.50	19.39	17.41	18.81
Bakery and cereal	165.83	208.15	248.07	218.68	247.06	255.89	241.78	247.55
Fresh fruits	44.73	51.03	52.28	49.88	49.63	52.16	58.57	48.82
Fresh vegetables	71.22	79.07	73.56	69.40	70.61	70.04	79.13	74.47
Proc. fruits and veg.	109.33	129.62	147.12	141.55	147.35	148.61	145.51	147.00
Fats and oils	31.15	40.25	54.50	47.19	57.33	57.28	48.75	54.63
Miscellaneous	50.30	61.45	78.54	71.36	82.37	79.89	75.34	76.61
Total	836.60	1,001.92	1,093.85	1,036.62	1,100.09	1,072.86	1,081.57	1,119.06
Percent								
Farmer's share								
Meat	63	56	59	56	55	63	63	57
Dairy	50	49	49	48	47	48	50	52
Poultry	59	56	59	58	56	59	61	59
Eggs	70	68	66	69	67	62	67	68
Bakery and cereal:								
All ingredients	22	25	19	26	21	17	19	17
Grain	17	18	13	17	13	12	14	13
Fresh fruits	33	30	30	30	29	33	29	29
Fresh vegetables	35	33	36	34	34	37	36	35
Proc. fruits and veg.	19	22	22	22	21	21	22	22
Fats and oils	38	47	33	47	36	31	37	28
Miscellaneous	18	27	20	30	24	19	19	17
Average	46	57	42	42	40	42	44	42

¹ See footnote 1 on monthly farm-retail price spread table (page 28) for description of data. ² Preliminary.

**Farm-Retail Price Spreads For Selected Foods,
Fourth Quarter**

Commodities in retail units	Retail price (cents)			Farm value (cents)			Farm-retail spread (cents)			Farmer's share (percent)		
	1973	1974	1975 ¹	1973	1974	1975 ¹	1973	1974	1975 ¹	1973	1974	1975 ¹
Beef, Choice (lb.)	135.1	134.5	151.4	80.7	79.3	94.3	54.4	55.2	57.1	60	59	62
Lamb, Choice (lb.)	132.7	153.3	177.5	70.8	75.6	98.1	61.9	77.7	79.4	53	49	55
Pork (lb.)	116.1	111.0	153.4	71.5	66.6	93.2	44.6	44.4	60.2	62	60	61
Butter (lb.)	102.6	95.1	118.9	70.4	56.8	83.9	32.2	38.3	35.0	69	60	71
Cheese, American process (½ lb.)	66.2	72.8	83.2	36.1	31.7	41.6	30.1	41.1	41.6	55	44	50
Ice cream (½ gal.)	98.3	115.2	124.0	39.9	42.9	47.0	58.4	72.3	77.0	41	37	38
Milk, evaporated (14½ oz.)	24.5	30.2	31.6	13.8	13.8	16.2	10.7	16.4	15.4	56	46	51
Milk, fresh:												
Sold in stores (½ gal.)	72.9	78.1	80.0	38.4	39.9	44.5	34.5	38.2	35.5	53	51	56
Chicken, frying (lb.)	55.3	58.3	66.3	29.7	33.8	39.3	25.6	24.5	27.0	54	58	59
Turkey (lb.)	89.7	69.0	76.6	53.2	39.3	46.3	36.5	29.7	30.3	59	57	60
Eggs, large Grade A (doz.)	86.2	83.0	80.6	60.7	56.9	54.5	25.5	26.1	26.1	70	69	68
Bread, white:												
All ingredients (lb.)	31.3	35.9	35.2	6.8	8.9	6.4	24.5	27.0	28.8	22	25	18
Wheat (lb.)	—	—	—	5.1	5.7	4.4	—	—	—	16	16	12
Bread, whole wheat (lb.)	47.3	55.6	57.9	6.1	7.4	5.7	41.2	48.2	52.2	13	13	10
Cookies, sandwich (lb.)	60.6	86.6	91.8	11.2	22.3	11.3	49.4	64.3	80.5	18	26	12
Corn flakes (12 oz.)	33.7	48.5	51.7	4.0	5.1	4.2	29.7	43.4	47.5	12	11	8
Flour, white (5 lb.)	95.5	101.7	96.8	42.1	46.2	35.6	53.4	55.5	61.2	44	45	37
Rice, long grain (lb.)	42.9	49.0	45.9	23.2	15.4	12.4	19.7	33.6	33.5	54	31	27
Apples (lb.)	30.0	31.0	27.4	10.9	11.2	9.2	19.1	19.8	18.2	36	36	34
Grapefruit (ea.)	20.6	19.0	19.2	4.4	4.3	3.9	16.2	14.7	15.3	21	23	20
Lemons (lb.)	42.8	43.5	55.4	13.1	9.9	17.8	29.7	33.6	37.6	31	23	32
Oranges (doz.)	113.6	116.2	118.7	23.0	26.0	24.0	90.6	90.2	94.7	20	22	20
Cabbage (lb.)	17.6	15.1	15.9	5.3	5.0	5.9	12.3	10.1	10.0	30	33	37
Carrots (lb.)	21.6	25.3	24.9	7.1	10.0	8.1	14.5	15.3	16.8	33	40	33
Celery (lb.)	21.6	25.1	30.8	5.1	6.3	11.5	16.5	18.8	19.3	24	25	37
Cucumbers (lb.)	30.1	28.3	34.0	11.0	11.6	12.7	19.1	16.7	21.3	37	41	37
Lettuce (head)	33.7	46.1	43.6	8.6	16.1	15.4	25.1	30.0	28.2	26	35	35
Onions (lb.)	19.5	18.3	23.2	7.1	5.1	10.8	12.4	13.2	12.4	36	28	47
Peppers, green (lb.)	53.1	51.2	53.0	22.3	16.4	19.2	30.8	34.8	33.8	42	32	36
Potatoes (10 lb.)	129.6	119.9	141.1	35.8	46.0	42.1	93.8	73.9	99.0	28	38	30
Tomatoes (lb.)	45.2	52.7	52.2	17.5	21.8	21.3	27.7	30.9	30.9	39	41	41
Peaches, canned (No. 2½)	43.7	59.6	59.4	7.4	15.5	17.0	36.3	44.1	42.4	17	26	29
Pears, canned (No. 2½)	58.1	73.5	73.8	12.4	19.7	21.1	45.7	53.8	52.7	21	27	29
Beets, canned (No. 303)	25.1	31.7	32.7	1.7	2.4	2.4	23.4	29.3	30.3	7	8	7
Corn, canned (No. 303)	25.6	34.1	37.4	3.1	5.4	5.6	22.5	28.7	31.8	12	16	15
Peas, canned (No. 303)	27.8	36.4	38.9	4.2	6.8	8.0	23.6	29.6	30.9	15	19	21
Tomatoes, canned (No. 303)	25.9	33.2	35.7	3.2	4.8	4.8	22.7	28.4	30.9	12	14	13
Lemonade, frozen (6-oz. can)	15.0	19.9	23.2	4.3	6.2	7.0	10.7	13.7	16.2	29	31	30
Orange juice, frozen (6-oz. can)	25.1	26.8	28.7	8.4	9.3	8.8	16.7	17.5	19.9	33	35	31
Potatoes, french fried, frozen (9 oz.)	18.0	25.7	26.1	4.1	6.4	4.9	13.9	19.3	21.2	23	25	19
Peas, frozen (10 oz.)	24.4	33.3	34.8	4.2	7.0	7.3	20.2	26.3	27.5	17	21	21
Beans, dried (lb.)	44.7	56.0	50.0	28.8	18.5	27.2	15.9	37.5	22.8	64	33	54
Margarine (lb.)	44.8	68.6	58.2	18.6	33.0	16.2	26.2	35.6	42.0	42	48	28
Peanut butter (12-oz. jar)	54.7	65.9	70.4	19.8	21.6	23.5	34.9	44.3	46.9	36	33	33
Salad and cooking oil (24-oz. bottle)	83.2	126.8	107.6	29.2	53.1	25.6	54.0	73.7	82.1	35	42	24
Vegetable shortening (3 lb.)	134.3	212.8	175.4	64.4	117.2	56.0	69.9	95.8	119.4	48	55	32
Sugar (5 lb.)	82.1	251.5	139.8	39.0	150.3	53.7	43.1	101.2	86.1	42	60	38
Spaghetti, canned (15½-oz. can)	20.5	25.7	26.8	3.2	4.2	3.9	17.3	21.5	22.9	16	16	15

¹ Preliminary.

LIVESTOCK AND PRODUCTS: PRICES, SUPPLIES AND USE

Farm Production¹

Items	1970	1971	1972	1973	1974	1975 ²
	1967=100					
Farm output	101	111	110	112	106	114
All livestock products ³	105	108	108	105	106	106
Meat animals	108	112	110	108	110	111
Dairy products	100	101	102	98	98	98
Poultry and eggs	106	107	109	106	106	102
All crops ⁴	101	112	113	120	110	122
Feed grains	89	116	112	115	92	113
Hay and forage	100	106	105	109	104	108
Food grains	91	107	102	113	120	141
Sugar crops	114	117	128	112	104	130
Cotton	139	145	187	175	155	112
Tobacco	97	86	88	88	101	111
Oil crops	117	121	131	155	127	151
Cropland used for crops	98	100	98	104	106	107.8
Crop production per acre	104	112	115	115	104	114.3

¹Prepared jointly by Economic Research Service and Statistical Reporting Service. For historical data and explanation of indexes, see "Changes in Farm Production and Efficiency," Statistical Bulletin 233. ²Preliminary indexes for 1975 based on "Crop Production—1975 Annual Summary" and other releases of the Crop Reporting Board. ³Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. ⁴Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output.

Dairy

Items	Annual			1975						
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Milk production:										
Total milk (mil. lb.)	115,385	115,416	115,489	9,087	9,998	9,609	9,101	9,205	8,832	9,275
Milk per cow (lb.)	10,114	10,286	10,359	810	897	863	818	827	795	836
Number of milk cows (thou.)	11,409	11,221	11,149	11,212	11,142	11,137	11,132	11,126	11,108	11,098
Milk prices, Minnesota-Wisconsin,										
3.5% fat (\$/cwt.) ¹	6.30	7.06	7.62	6.41	7.35	7.70	8.27	8.60	8.84	9.08
Price of 16% dairy ration (\$/ton)	113	138	134	149	130	135	135	136	133	134
Milk-feed price ratio (lb.) ²	1.48	1.35	1.46	1.20	1.40	1.41	1.54	1.62	1.77	1.79
Stocks, beginning										
Total milk equiv. (mil. lb.) ³	5,498	5,207	5,886	6,192	6,874	6,910	6,300	5,143	4,442	4,043
Commercial (mil. lb.)	3,493	4,732	5,576	5,813	5,537	5,457	5,114	4,705	4,112	3,856
Government (mil. lb.)	2,005	476	310	379	1,337	1,453	1,185	438	331	187
Imports, total milk equiv. (mil. lb.) ³	3,859	2,925	—	282	116	109	151	196	292	—
USDA net removals:										
Total milk equiv. (mil. lb.) ³	2,185	1,346	2,036	138.5	100.6	⁴ -354.9	⁴ -59.2	2.0	1.9	⁴ 3.9
Butter:										
Production (mil. lb.)	918.6	961.7	—	89.6	70.4	58.9	57.0	66.6	64.8	—
Stocks, beginning (mil. lb.)	107.5	46.4	49.2	58.0	99.7	97.7	79.2	39.6	27.0	15.1
Wholesale price, Grade A										
Chicago (cts./lb.)	69.8	65.7	79.4	65.3	76.6	83.6	87.9	93.0	97.3	103.6
USDA net removals (mil. lb.)	97.7	32.7	63.4	⁴ —*	2.3	⁴ -17.4	⁴ -3.2	0.0	0.0	0.0
Commercial disappearance (mil. lb.)	855.6	929.9	—	95.2	74.0	78.8	66.2	77.1	71.1	—

See footnotes at end of table.

Dairy—Continued

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
American cheese:										
Production (mil. lb.)	1,672.5	1,858.6	—	124.9	153.0	133.8	115.6	120.7	117.0	—
Stocks, beginning (mil. lb.)	269.4	290.3	420.9	430.2	415.0	422.1	402.0	370.2	333.6	321.0
Wholesale price, Wisconsin assembly pt. (cts./lb.)	72.6	79.9	86.6	72.6	84.8	89.8	94.0	99.0	99.3	101.7
USDA net removals (mil. lb.)	3.2	60.3	68.2	13.7	4.8	.1	.1	0.0	0.0	0.0
Commercial disappearance (mil. lb.)	1,677.1	1,780.6	—	128.6	145.0	160.2	142.2	153.0	129.0	—
Other cheese:										
Production (mil. lb.)	1,012.8	1,071.8	—	93.8	96.9	92.5	97.4	97.9	93.9	—
Stocks, beginning (mil. lb.)	62.0	67.5	73.1	72.0	64.9	63.5	61.3	61.3	59.7	58.7
Commercial disappearance (mil. lb.)	1,210.2	1,269.5	—	116.2	111.7	105.3	112.3	117.0	120.6	—
Nonfat dry milk:										
Production (mil. lb.)	916.6	1,019.9	—	83.3	98.7	76.2	53.2	50.3	49.3	—
Stocks, beginning (mil. lb.)	44.9	74.6	293.2	260.1	438.2	484.8	529.4	515.0	485.9	475.4
Wholesale price, avg. manf. (cts./lb.)	46.4	58.6	—	56.8	60.4	61.4	64.6	68.9	70.2	—
USDA net removals (mil. lb.)	36.8	265.0	394.5	34.4	37.8	.5	⁴ .4	⁴ 4.7	⁴ 7.9	⁴ .2
Commercial disappearance (mil. lb.)	1,110.1	809.9	—	44.5	82.0	93.2	72.9	70.1	54.7	—
Frozen dessert production (mil. gal.) ⁵	1,118.6	1,124.3	—	70.4	126.4	118.0	104.6	92.2	76.8	—

¹ Manufacturing grade milk. ² Pounds of ration equal in value to 1 lb. of milk. ³ Milk equivalent, fat-solids basis. ⁴ Domestic unrestricted sales exceeded purchases. ⁵ Ice cream, ice milk and sherbet. * Less than 50,000 pounds.

Poultry and eggs

Items	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Eggs										
Farm production (mil.)	66,568	65,869	64,183	5,509	5,363	5,388	5,257	5,442	5,308	5,484
Average number of layers on farms (mil.)	293	286	276	285	269	271	274	277	279	279
Rate of lay (eggs per layer)	228	231	233	19.3	19.9	19.9	19.2	19.6	19.0	19.6
Wholesale price, New York, grade A large (cts./doz.)	59.8	58.2	57.8	67.3	52.6	58.2	61.6	56.6	65.7	71.8
Price of laying feed (\$/ton)	137	154	147	164	145	150	149	148	143	143
Egg-feed price ratio (lb.) ¹	7.9	7.0	7.2	7.2	6.4	6.7	7.5	7.1	8.1	9.0
Stocks, beginning of period:										
Shell (thou. cases)	41	34	36	52	82	90	80	72	55	40
Frozen (mil. lb.)	68.1	43.2	54.2	60.1	48.0	51.2	51.9	51.2	46.6	42.3
Replacement chicks hatched (mil.)	534.3	473.4	458.7	32.2	38.5	35.3	34.2	35.3	28.6	31.1
Broilers										
Federally inspected slaughter, certified (mil. lb.)	7,786.1	7,916.8	—	589.6	714.2	680.5	684.9	739.8	560.7	—
Wholesale price, 9-city, (cts./lb.)	42.2	38.2	45.1	40.7	51.2	50.0	49.7	47.7	45.8	41.8
Price of broiler grower feed (\$/ton)	152	169	163	180	161	163	164	164	158	160
Broiler-feed price ratio (lb.) ¹	3.3	2.6	3.2	2.4	3.8	3.5	3.6	3.5	3.4	3.0
Stocks, beginning of period (mil. lb.)	29.1	33.4	37.2	37.0	22.7	19.2	22.8	22.9	21.7	21.4
Average weekly placements of broiler chicks, 21 States (mil.)	58.1	56.4	57.4	54.5	57.7	57.2	55.7	52.7	56.7	58.4
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	1,787.9	1,835.8	—	119.9	193.2	203.3	229.0	257.5	220.2	—
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	58.8	47.2	53.2	57.9	56.0	58.0	57.2	58.1	57.3	52.6
Price of turkey grower feed (\$/ton)	158	173	167	184	163	168	170	170	164	165
Turkey-feed price ratio (lb.) ¹	4.8	3.2	4.0	3.6	4.2	4.2	4.2	4.2	4.5	4.4
Stocks, beginning of period (mil. lb.)	208.1	281.0	275.0	372.0	193.0	247.7	328.5	409.2	483.5	287.6
Poults hatched (mil.)	145.6	140.0	138.2	6.5	14.3	8.6	4.4	4.5	5.5	7.8

¹ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight.

Meat Animals	Annual			1974						
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Cattle on feed (7-States)										
Number of feed (thou. head) ¹	9,884	9,353	6,369	6,626	6,006	5,932	5,949	6,656	7,585	8,252
Placed on feed (thou. head) ²	18,382	15,861	18,090	1,229	1,141	1,273	2,048	2,297	1,958	1,593
Marketings (thou. head)	18,913	17,380	14,987	1,344	1,164	1,213	1,298	1,307	1,189	1,202
Other disappearance (thou. head)	—	1,465	939	138	51	43	43	69	94	110
Beef steer-corn price ratio, Omaha (bu.) ³	22.6	13.9	15.8	10.9	17.2	15.0	16.6	17.4	17.7	17.5
Hog-corn price ratio, Omaha (bu.) ³	19.3	11.6	17.3	11.8	19.4	18.6	20.7	21.2	19.4	18.5
Commercial slaughter (thou. head)										
Cattle	33,687	36,812	—	3,235	3,400	3,468	3,672	3,988	3,471	—
Steers	18,322	19,680	—	1,563	1,469	1,443	1,421	1,436	1,264	—
Heifers	8,441	8,768	—	773	816	902	1,050	1,105	906	—
Cows	6,248	7,514	—	828	1,006	1,020	1,098	1,332	1,204	—
Bulls and Stags	676	820	—	71	109	103	103	115	97	—
Calves	2,249	2,987	—	328	468	466	515	591	476	—
Sheep and lambs	9,597	8,847	—	617	658	648	785	732	536	—
Hogs	76,795	81,762	—	6,673	4,955	4,883	5,468	5,638	5,339	—
Commercial production (mil. lb.)										
Beef	21,088	22,844	—	1,918	1,915	1,961	2,066	2,270	1,971	—
Veal	325	442	—	47	77	73	82	95	77	—
Lamb and mutton	504	454	—	32	32	32	40	38	28	—
Pork	12,578	13,583	—	1,091	817	794	901	936	904	—
Market prices										
Dol. per 100 pounds										
Slaughter cattle:										
Choice steers, Omaha	44.54	41.89	44.61	37.20	50.21	46.80	48.91	47.90	45.23	45.01
Utility cows, Omaha	32.82	25.56	21.09	17.67	22.00	21.29	22.45	22.01	20.73	21.64
Choice vealers, S. St Paul	64.08	49.63	40.44	34.46	39.01	37.10	36.57	42.52	43.95	43.52
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	53.17	37.88	33.91	28.27	34.70	34.34	37.59	38.09	38.26	37.83
Slaughter hogs:										
Barrows and Gilts, No. 1&2, Omaha ⁴	41.25	36.85	50.12	41.30	58.00	58.89	61.30	59.77	51.63	50.20
Barrows and Gilts, 7-markets	40.27	35.12	48.32	39.81	57.17	58.10	61.23	58.52	49.74	48.33
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	35.75	25.13	44.81	25.75	44.10	46.75	59.81	56.55	48.94	44.25
Slaughter sheep and lambs:										
Lambs, Choice, San Angelo	38.20	40.51	44.50	39.25	45.25	40.75	43.50	44.50	46.83	48.75
Ewes, Good, San Angelo	16.76	15.74	15.35	13.33	17.00	13.44	12.94	12.35	14.83	17.44
Feeder lambs:										
Choice, San Angelo	37.17	36.52	40.90	36.42	40.25	38.75	41.25	42.62	46.38	48.38
Wholesale meat prices, Midwest⁵										
Choice steer beef, 600-700 lb.	67.72	67.76	73.17	60.38	82.82	77.95	79.66	75.62	72.96	73.25
Canner and Cutter cow beef	65.78	53.48	43.53	38.94	45.48	43.67	45.46	44.10	43.40	44.61
Pork loins, 8-14 lb.	76.83	73.60	93.71	72.48	105.79	105.51	110.67	109.22	99.12	90.46
Pork bellies, 12-14 lb.	59.52	52.04	79.12	63.71	92.35	105.46	103.48	91.44	78.32	69.13
Hams, skinned, 14-17 lb.	70.20	64.11	85.54	80.38	84.75	91.08	99.08	105.70	101.04	101.81

	Annual			1974						
	1973	1974	1975	II	III	IV	I	II	III	IV
Cattle on feed (23-States):										
Number on feed (thou. head) ¹	13,861	13,067	9,619	12,310	10,047	9,152	9,619	8,473	8,542	9,301
Placed on feed (thou. head) ²	24,510	22,046	24,650	4,746	4,952	6,540	4,712	5,535	6,029	8,317
Marketings (thou. head)	25,304	23,330	20,494	6,271	5,522	5,538	5,487	5,013	5,018	4,940
Other disappearance (thou. head)	—	2,164	1,479	738	325	535	392	453	252	382
Hogs and pigs (14-States):⁶										
Inventory (thou. head) ¹	50,616	52,825	47,170	48,543	51,071	50,175	47,170	40,330	40,955	41,535
Breeding (thou. head) ¹	—	7,445	6,283	7,622	7,530	6,825	6,283	6,080	6,191	6,011
Market (thou. head) ¹	—	45,380	40,887	40,921	43,541	43,350	40,887	34,250	34,764	35,524
Farrowings (thou. head)	10,674	10,207	8,397	3,245	2,424	2,280	1,778	2,428	2,088	2,103
Pig crop (thou. head)	76,037	71,958	60,211	23,113	17,128	16,127	12,540	17,469	15,020	15,182

¹ Beginning of period. ² Other disappearance excluded in 1973; not comparable with 1974 and 1975. ³ Bushels of corn equal in value to 100 pounds liveweight. ⁴ 220-240 lb. ⁵ Prior to Oct. 1975, Chicago. ⁶ Annual is Dec. preceding year to Nov. listed; quarters are Dec. preceding year-Feb. (I), Mar-May (II), June-Aug (III), and Sept-Nov (IV).

Wool:	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
U.S. wool price, Boston ¹ (cts./lb.)	250	176	150	131	154	171	173	173	173	178
Imported wool price, Boston ² (cts./lb.) . .	298	213	176	173	176	172	167	168	176	179
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	109,872	74,858	³ 92,500	4,584	8,112	8,073	8,051	10,061	7,852	—
Carpet wool (thou. lb.)	41,394	18,595	³ 15,800	1,124	1,176	1,683	1,304	1,485	1,256	—

¹ Clean basis; territory fine good French combing and staple. ² Clean basis; Australian 64's combing, excl. duty. ³ Estimated.

CROPS AND PRODUCTS: PRICES, SUPPLIES AND USE

Fats and Oils:	Marketing year ¹			1974	1975					
	1972/73	1973/74	1974/75	Dec	July	Aug	Sept	Oct	Nov	Dec
Soybeans:										
Wholesale price, No. 1										
yellow, Chicago (\$/bu.) . .	6.26	6.12	6.34	7.28	5.58	5.97	5.55	4.97	4.70	4.59
Crushings (mil. bu.)	721.8	821.3	700.5	60.2	59.2	64.0	56.5	71.4	72.5	—
Processing margin										
(cts./lb.) ²	59	72	13	9	25	20	19	45	13	—
Exports (mil. bu.)	479.4	539.1	420.7	41.4	31.0	33.4	24.3	62.7	61.5	—
Soybean oil:										
Wholesale price, crude,										
Decatur (cts./lb.)	16.5	31.5	30.7	38.0	27.5	28.5	24.4	21.4	18.9	16.8
Production (mil. lb.)	7,501.0	8,994.7	7,376.2	621.4	623.9	674.5	599.2	783.9	782.8	—
Domestic disappearance										
(mil. lb.)	6,685.0	7,255.4	6,518.5	430.0	544.4	636.5	577.4	728.4	619.0	—
Exports (mil. lb.)	1,065.6	1,435.2	1,028.3	198.6	65.3	13.4	13.6	43.8	78.9	—
Stocks, beginning (mil. lb.)	785.0	515.5	793.5	681.5	530.6	544.3	567.1	560.6	568.0	649.8
Soybean meal:										
Wholesale price, 44%										
protein, Decatur (\$/ton) . .	229.00	146.35	130.85	143.40	124.00	134.40	133.70	125.90	119.90	125.10
Production (thou. ton)	16,708.8	19,674.4	16,701.5	1,427.3	1,407.6	1,532.5	1,337.9	1,700.4	1,707.8	—
Domestic disappearance										
(thou. ton)	11,920.5	13,766.3	12,501.3	1,095.4	1,164.3	1,150.9	1,098.3	1,383.2	1,320.0	—
Exports (thou. ton)	4,744.8	5,547.6	4,298.8	366.5	265.3	371.7	274.4	207.2	353.4	—
Stocks, beginning (thou. ton)	191.7	183.2	507.3	563.7	421.7	394.8	404.5	358.3	396.1	430.5
Margarine, wholesale price,										
Chicago (cts./lb.)	30.6	47.5	39.8	48.5	41.8	38.1	36.0	34.3	33.5	31.2

¹ Beginning September 1 for soybeans; October 1 for soy meal and oil; calendar year 1973, 1974 and 1975 for margarine. ² Spot basis, Illinois shipping points.

Feed Grains:	Marketing year ¹			1974	1975					
	1972/73	1973/74	1974/75	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale prices:										
Corn, No. 2 yellow,										
Chicago (\$/bu.)	1.91	2.95	3.12	3.47	2.95	3.12	2.99	2.74	2.59	2.59
Sorghum, No. 2 yellow,										
Kansas City (\$/cwt.)	3.24	4.64	5.01	5.36	4.82	5.13	4.66	4.53	4.36	4.33
Barley, feed, Minneapolis										
(\$/bu.) ²	1.21	2.10	2.52	2.89	2.04	2.77	3.00	2.83	2.42	2.23
Barley, malting, Minneapolis										
(\$/bu.) ²	1.47	2.79	4.23	4.65	3.83	3.65	3.93	3.83	3.56	3.35
Exports:										
Corn (mil. bu.)	1,258	1,243	1,149	104	70	90	77	134	166	154
Feed grains (mil. short tons)	43.1	44.4	39.2	3.6	2.8	3.1	3.0	4.3	5.4	5.3

Feed Grain—continued

	Marketing year ¹			1974			1975			
	1972/73	1973/74	1974/75	Apr.-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Corn:										
Stocks, beginning (mil. bu.)	1,126	709	483	2,861	1,443	483	3,613	2,209	1,146	359
Domestic use:										
Feed (mil. bu.)	4,310	4,193	3,178	943	620	1,152	912	680	443	1,135
Food, seed, ind. (mil. bu.)	423	438	454	115	115	110	114	123	107	106
Feed grains: ³										
Stocks, beginning (mil. short tons)	48.4	32.4	22.2	102.9	52.3	33.1	125.5	76.2	39.5	15.8
Domestic use:										
Feed (mil. short tons)	156.2	153.3	115.0	33.3	24.1	42.4	32.3	23.3	16.3	40.8
Food, seed, ind. (mil. short tons)	17.0	17.7	18.0	5.1	4.3	4.1	4.4	5.3	4.4	4.2

¹ Beginning October 1 for corn and sorghum; July 1 for oats and barley. ² No. 3 or better. ³ Aggregated data for corn, sorghum, oats and

barley; quarterly totals may not add to marketing year totals.

Food Grains:

	Marketing year ¹			1974		1975				
	1972/73	1973/74	1974/75	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale prices:										
Wheat, No. 1 HRW, Kansas City (\$/bu.) ²	2.33	4.62	4.13	4.66	3.61	4.12	4.21	4.09	3.71	3.50
Wheat, DNS, Minneapolis (\$/bu.) ²	2.16	4.57	4.50	5.06	3.93	4.23	4.12	3.94	3.51	3.50
Flour, Kansas City (\$/cwt.)	6.78	10.47	10.06	11.20	8.94	9.36	10.21	10.11	9.65	—
Flour, Minneapolis (\$/cwt.)	7.12	10.85	10.28	12.18	10.21	10.51	11.24	11.16	10.68	—
Rice, S.W. La. (\$/cwt.) ³	7.60	14.05	12.45	13.10	10.50	9.25	9.75	9.75	9.00	8.10
Wheat:										
Exports (mil. bu.)	1,186	1,148	1,039	87	104	114	128	127	122	—
Mill grind (mil. bu.)	554	549	541	44	47	49	51	54	46	—
Wheat flour production (mil. cwt.)	249	246	240	20	21	22	23	24	20	—

	Marketing year ¹			1974			1975			
	1972/73	1973/74	1974/75	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec
Wheat:										
Stocks, beginning (mil. bu.)	863	438	247	548	247	1,550	1,101	648	320	1,874
Domestic use:										
Food (mil. bu.)	528	528	525	119	132	138	123	132	144	143
Feed and seed (mil. bu.) ⁴	257	224	161	5	93	29	75	36	90	42
Exports (mil. bu.)	1,186	1,148	1,039	180	269	283	255	232	347	333

¹ Beginning July 1 for wheat and August 1 for rice. ² Ordinary protein. ³ Long-grain second head, milled, and bagged. ⁴ Feed use approximately by residual.

Cotton:	Annual			1974		1975				
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
U.S. price, SLM, 1-1/16 in. (cts./lb.) ¹	54.2	54.9	44.7	36.9	45.6	48.4	50.7	50.4	50.9	55.1
Northern Europe prices:										
Index (cts./lb.) ²	62.1	64.8	53.1	48.2	54.2	55.6	55.4	55.7	55.2	58.8
U.S., SM 1-1/16 in. (cts./lb.) ³	64.9	66.7	59.6	52.3	60.8	63.1	65.4	64.8	65.7	68.6
U.S. mill consumption (thou. bales)	7,619.9	6,887.7	6,400	356.9	548.9	527.2	552.7	709.6	568.7	—
Exports (thou. bales)	5,840.6	5,500.7	4,396.5	366.7	372.8	340.2	269.2	234.9	184.2	—

¹ Average spot market. ² Liverpool Outlook "A" index; average of five lowest priced 10 selected growths. ³ Memphis territory growths. ⁴ Estimated.

Fruits:

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale price indexes:										
Fresh fruit (1967=100)	135.6	144.0	157.8	157.0	163.0	154.1	151.3	141.1	148.0	151.5
Dried fruit (1967=100)	209.2	247.3	213.4	222.6	210.4	212.4	212.4	213.9	207.4	207.4
Canned fruit and juice (1967=100)	134.0	159.7	173.8	174.8	174.0	173.5	172.9	172.5	171.5	170.8
Frozen fruit and juice (1967=100)	137.3	144.0	156.5	150.5	154.9	154.9	154.9	159.9	161.1	161.1
F.o.b. shipping point prices:¹										
Apples, Yakima Valley (\$/ctn.) ²	n.a.	n.a.	n.a.	7.44	—	—	7.75	6.11	5.79	5.98
Pears, Yakima Valley (\$/box) ³	n.a.	n.a.	n.a.	6.50	—	—	—	6.50	6.53	6.98
Oranges, U.S. avg. (\$/box)	6.26	6.77	6.71	6.17	7.06	6.54	7.75	6.49	6.35	7.00
Grapefruit, U.S. avg. (\$/box)	5.78	5.55	6.21	5.73	7.75	6.70	5.82	5.74	5.66	5.64
Stocks, beginning:										
Fresh apples (mil. lb.)	1,737.6	2,074.2	2,215.0	2,676.8	51.6	13.4	10.6	1,027.1	3,453.7	3,114.4
Fresh pears (mil. lb.)	94.8	128.6	169.6	199.9	.1	24.4	565.9	419.8	285.5	229.9
Frozen fruit (mil. lb.)	514.0	516.3	612.7	650.1	441.9	587.9	600.7	592.2	622.2	593.9
Frozen fruit juices (mil. lb.)	532.6	853.4	886.2	831.8	1,545.9	1,384.5	1,196.2	1,073.6	920.2	849.7

¹ Annual prices are seasonal average ending with year listed. ² Red 80-125's. ³ D'Anjou pears, regular storage, Washington wrapped, U.S. Delicious, regular storage, Washington extra fancy, carton tray pack, No. 1, 90-135's.

Vegetables:

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale prices:										
Potatoes, white, f.o.b. East (\$/cwt.)	3.79	6.74	4.98	2.36	10.50	5.86	6.70	5.16	4.66	4.52
Iceberg lettuce (\$/ctn.) ¹	3.76	2.82	2.71	2.55	2.23	2.86	3.19	2.64	3.42	2.88
Tomatoes (\$/ctn.) ²	3.72	5.41	5.62	6.28	4.83	4.32	3.75	3.70	5.26	6.60
Wholesale price index, 10 canned										
veg. (1967=100)	117	146	169	173	169	169	170	166	166	163
Grower price index, fresh commercial										
veg. (1967=100)	157	156	181	159	208	162	172	159	169	196

¹ Std. carton 24's, f.o.b. shipping point. ² 2 layers, 5 x 6-6 x 6, f.o.b. Fla.-Cal.

Tobacco:

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Prices at auctions:										
Flue-cured (cts./lb.)	88.1	105.0	100.0	—	89.4	95.5	104.4	105.5	99.3	—
Burley (cts./lb.)	89.7	111.5	104.9	117.2	—	—	—	—	101.6	103.9
Domestic consumption:¹										
Cigarettes (bil.)	586.1	578.5	² 598	38.5	46.3	50.4	52.8	58.9	—	—
Large cigars (mil.)	6,893.3	6,273.2	² 5,944	390.6	462.9	483.0	498.8	581.9	—	—

¹ Taxable withdrawals. ² Estimated.

Sugar:

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale price, N.Y. (\$/cwt.)¹										
U.S. deliveries (thou. short tons) ¹	10.29	29.50	22.47	46.74	19.89	21.11	17.36	15.45	15.03	14.80
	11,482	11,235	9,937	456	1,174	996	930	909	757	826

¹ Raw value.

GENERAL ECONOMIC DATA

Gross National Product and Related Data

Items	Annual			1974				1975			
	1973	1974	1975p.	I	II	III	IV	I	II	III	IVp.
Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product ¹	1,306.3	1,406.9	1,499.0	1,370.9	1,391.0	1,424.4	1,441.3	1,433.6	1,460.6	1,528.5	1,573.2
Personal consumption expenditures	808.5	885.9	963.2	849.5	877.8	907.7	908.4	926.4	950.3	977.4	998.7
Durable goods	122.9	121.9	127.7	118.4	123.1	128.9	117.3	118.9	123.8	131.8	136.1
Nondurable goods	334.4	375.7	410.0	359.8	371.9	383.9	387.1	394.1	404.8	416.4	424.8
Clothing and shoes	61.4	65.2	69.9	64.3	65.3	66.5	64.8	66.7	69.0	71.3	72.6
Food and beverages	168.0	189.4	209.4	181.3	185.4	193.2	197.4	202.8	206.6	211.4	216.9
Services	351.3	388.3	425.5	371.2	382.8	394.9	404.0	413.4	421.6	429.2	437.7
Gross private domestic investment	220.5	212.2	183.3	218.4	212.7	207.6	210.3	168.7	161.4	194.9	208.3
Fixed investment	203.0	202.5	197.5	203.5	203.4	203.1	199.8	193.5	191.1	197.1	208.4
Nonresidential	136.5	147.9	148.7	145.9	146.6	148.1	151.1	149.3	146.1	146.7	152.7
Residential	66.5	54.6	48.8	57.6	56.9	55.0	48.7	44.2	45.0	50.4	55.7
Change in business inventories	17.5	9.7	14.2	14.9	9.3	4.4	10.4	-24.8	-29.6	-2.1	-.2
Net exports of goods and services	7.4	7.7	21.5	15.6	4.0	3.2	8.2	17.3	24.2	22.1	22.4
Exports	101.5	144.2	147.3	133.1	141.6	148.6	153.6	148.2	140.7	148.5	151.9
Imports	94.2	136.5	125.8	117.5	137.6	145.5	145.3	130.9	116.4	126.4	129.4
Government purchases of goods and services	269.9	301.1	330.9	287.5	296.5	305.9	314.4	321.2	324.7	334.1	343.8
Federal	102.0	111.7	123.1	106.1	108.9	113.6	118.2	119.4	119.2	124.2	129.8
State and local	168.0	189.4	207.8	181.4	187.6	192.3	196.3	201.9	205.5	209.9	214.1
1972 Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product	1,233.4	1,210.7	1,186.4	1,228.7	1,217.2	1,210.2	1,186.8	1,158.6	1,168.1	1,201.5	1,217.4
Personal consumption expenditures	766.3	759.8	766.6	760.0	763.2	767.2	748.9	752.3	764.1	771.6	778.2
Durable goods	120.9	112.5	109.3	114.7	115.5	116.8	102.9	104.0	106.5	112.3	114.5
Nondurable goods	309.6	303.0	306.9	304.5	303.8	304.7	298.9	300.8	306.9	308.0	311.8
Clothing and shoes	59.3	59.0	61.2	60.1	59.8	59.2	57.1	58.7	60.9	62.1	62.9
Food and beverages	150.5	147.1	150.5	146.7	146.4	149.1	146.4	148.2	150.7	150.2	152.9
Services	335.8	344.4	350.4	340.8	343.9	345.7	347.2	347.5	350.8	351.2	351.9
Gross private domestic investment	207.4	180.0	138.9	195.9	183.8	173.2	166.9	129.7	124.1	147.8	153.9
Fixed investment	191.4	172.2	149.0	183.6	177.0	169.0	159.3	148.7	144.8	148.7	153.7
Nonresidential	131.3	127.5	112.4	134.5	129.9	125.0	120.8	115.2	110.8	110.6	113.0
Residential	60.1	44.7	36.6	49.1	47.1	44.1	38.5	33.6	34.0	38.0	40.7
Change in business inventories	16.0	7.7	-10.1	12.4	6.8	4.2	7.6	-19.0	-20.7	-.8	.2
Net exports of goods and services	7.2	16.6	23.5	18.7	15.3	15.1	17.4	21.5	24.9	23.5	24.3
Exports	87.6	97.6	90.4	98.1	99.5	96.9	95.7	90.7	86.8	90.8	93.4
Imports	80.4	81.0	66.9	79.5	81.2	81.9	78.3	69.2	62.0	67.3	69.1
Government purchases of goods and services	252.5	254.3	257.4	254.0	255.0	254.7	253.6	255.1	254.9	258.7	261.1
Federal	96.1	95.0	94.2	94.7	94.7	95.7	94.7	93.7	92.4	94.9	95.9
State and local	156.3	159.3	163.2	159.3	160.2	159.0	158.9	161.4	162.5	163.8	165.2
New plant and equipment expenditures	99.74	112.40	113.49	107.27	111.40	113.99	116.22	114.57	112.46	112.16	114.80
Implicit price deflator for GNP (1972=100)	105.92	116.20	126.35	111.58	114.28	117.70	121.45	123.74	125.04	127.21	129.22
Disposable income (\$bil.)	903.1	983.6	1,076.8	953.8	968.2	996.3	1,015.9	1,024.0	1,081.7	1,087.1	1,114.4
Disposable income (1972 \$bil.)	856.0	843.5	857.0	853.3	841.8	842.0	837.6	831.6	869.8	858.2	868.4
Per capita disposable income (\$)	4,292	4,642	5,040	4,513	4,574	4,697	4,779	4,808	5,070	5,083	5,199
Per capita disposable income (1972 \$)	4,068	3,981	4,012	4,037	3,976	3,969	3,940	3,905	4,077	4,012	4,052
U.S. population, tot. incl. military											
abroad (mil.)	210.4	211.9	213.6	211.4	211.7	212.1	212.6	213.0	213.4	213.9	214.3
Civilian population (mil.)	208.1	209.7	211.4	209.1	209.5	209.9	210.4	210.8	211.2	211.7	212.2

See footnotes at end of table.

Selected monthly indicators

Items	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Monthly data seasonally adjusted except as noted										
Industrial production, total ²										
(1967=100)	125.6	124.8	113.8p	117.4	112.2	114.2	116.2	116.7	117.3	118.5p
Manufacturing (1967=100)	125.1	124.4	112.2p	116.1	110.6	112.8	114.7	115.6	116.3	117.5p
Durable (1967=100)	122.0	120.7	105.9p	112.2	103.4	105.4	107.0	107.7	108.0	109.3p
Nondurable (1967=100)	129.7	129.7	121.3p	121.9	120.8	123.4	125.7	127.0	128.3	129.5p
Leading economic indicators ^{1 3}										
(1967=100)	124.0	110.1	—	95.0	102.0	102.6	102.5	102.1	102.5	—
Employment ⁴ (Mil. persons)	84.4	85.9	84.8	85.2	85.1	85.4	85.4	85.4	85.3	85.5
Unemployment rate ⁴	4.9	5.6	8.5	7.2	8.4	8.4	8.3	8.6	8.3	8.3
Personal income ¹ (\$bil. annual rate)	1,054.3	1,154.7	1,246.0	1,200.4	1,244.0	1,262.4	1,278.7	1,287.4	1,295.9	1,301.1p
Hourly earnings in manufacturing ^{4 5} (\$)	4.08	4.41	4.81p	4.66	4.81	4.82	4.89	4.90	4.93	4.99p
Money stock (daily average) ² (\$bil.)	⁶ 271.5	⁶ 284.4	⁶ 296.4p	284.4	293.5	294.2	294.7	294.1	297.1	296.4p
Time and savings deposits (daily average) ² (\$bil.)	⁶ 364.5	⁶ 419.3	⁶ 454.5p	419.3	439.1	437.4	440.7	445.8	450.0	454.5p
Three-month Treasury bill rate ² (%)	7.041	7.886	—	7.179	6.164	6.463	6.383	6.081	5.468	—
Aaa corporate bond yield (Moody's) ^{5 7} (%)	7.44	8.57	8.83	8.89	8.84	8.95	8.95	8.86	8.78	8.79
Interest rate on new home mortgages ^{5 8} (%)	7.95	8.92	—	9.37	8.89	8.89	8.94	9.01	9.01p	—
Housing starts, private and public ¹ (thou.)	2,057.5	1,352.5	1,174.2p	880	1,235	1,269	1,269	1,452	1,354p	1,309p
Auto sales at retail, total ¹ (mil.)	11.4	8.9	8.6p	6.9	9.4	9.5	8.9	9.1	8.8	9.4p
Business sales, total ¹ (\$bil.)	143.7	163.9	—	162.3	169.1	172.3	173.4	175.3	174.4p	—
Business inventories, total ¹ (\$bil.)	224.4	271.0	—	271.0	263.3	264.7	265.1	266.9	266.0p	—

¹Department of Commerce. ²Board of Governors of the Federal Reserve System. ³Composite index of 12 leading indicators. ⁴Department of Labor, Bureau of Labor Statistics. ⁵Not seasonally adjusted. ⁶December of the year listed. ⁷Moody's Investors Service. ⁸Federal Home Loan Bank Board. p. Preliminary.

TRANSPORTATION DATA

Rail Rates and Grain Shipments

	Annual			1974	1975					
	1973	1974	1975	Dec	July	Aug	Sept	Oct	Nov	Dec
Rail freight rate index										
All products (1969=100)	129.3	149.7	169.4	158.3	175.2	175.6	175.7	180.2	180.8	180.9
Farm products (1969=100)	125.2	145.3	165.0	153.8	170.9	171.7	171.8	175.8	176.6	177.4
Food products (1969=100)	128.8	148.9	168.6	157.2	174.3	174.9	175.0	179.1	179.3	179.3
Rail carloadings of grain ¹ (thou. cars)	32.3	28.2	25.8	26.1	29.0	30.1	29.8	34.5	29.0	23.4
Barge shipments of grain ¹ (mil. bu.)	19.0	19.8	23.0	19.4	27.6	23.5	23.7	33.9	33.0	21.2

¹Weekly average.

U.S. AGRICULTURAL TRADE

U.S. Agricultural Exports

Selected commodities	July-November				November			
	1974	1975	1974	1975	1974	1975	1974	1975
	Thous. units		\$ Thous.		Thous. units		\$ Thous.	
Animals, live, excl. poultry	—	—	56,445	43,171	—	—	12,959	9,970
Meat and preps., excl. poultry (lb.)	258,643	278,528	136,608	203,600	50,549	58,963	26,807	46,648
Dairy products, excl. eggs	—	—	31,136	40,675	—	—	6,562	6,672
Poultry and poultry products	—	—	56,893	73,930	—	—	11,091	15,264
Grains and preparations	—	—	4,223,031	4,903,962	—	—	1,102,903	1,173,876
Wheat and wheat flour (bu.)	462,790	591,333	2,157,177	2,533,618	101,306	120,633	533,103	523,593
Rice, milled (lb.)	1,491,944	1,192,168	320,685	211,585	333,178	249,298	76,170	40,361
Feed grains (metric ton)	12,394	16,696	1,651,437	2,066,299	3,149	4,848	471,227	587,660
Other	—	—	93,732	92,460	—	—	22,403	22,262
Fruits, nuts, and preparations	—	—	358,556	408,180	—	—	76,044	80,074
Vegetables and preparations	—	—	216,019	176,955	—	—	57,982	44,715
Sugar and preps., incl. honey (lb.)	201,391	362,690	34,432	69,739	47,554	51,309	11,134	8,373
Coffee, tea, cocoa, spices, etc. (lb.)	30,334	47,731	29,379	51,280	6,766	14,224	7,047	11,704
Feeds and fodders	—	—	423,225	374,512	—	—	100,825	81,336
Protein meal (short ton)	2,033	1,621	310,267	246,659	444	371	72,930	54,399
Beverages, exc. distilled alcoholic (gal.)	2,300	4,714	4,423	8,431	322	728	694	1,617
Tobacco, unmanufactured (lb.)	289,807	237,357	381,212	356,986	78,265	74,558	115,289	113,441
Hides, skins, and furskins	—	—	150,516	141,256	—	—	30,681	33,081
Oilseeds	—	—	1,347,610	1,337,846	—	—	549,167	383,891
Soybeans (bu.)	166,551	212,937	1,256,213	1,222,819	63,156	61,488	504,779	336,403
Wool, unmanufactured (lb. grease basis)	4,800	6,374	6,092	10,159	926	1,105	1,135	2,515
Cotton, unmanufactured (running bale)	1,299	1,427	336,592	353,250	293	192	81,293	45,784
Fats, oils, and greases (lb.)	1,147,555	667,555	235,375	121,195	214,341	171,483	42,945	32,221
Vegetable oils and waxes (lb.)	1,071,216	581,013	364,657	182,689	217,745	167,665	83,157	48,495
Rubber and allied gums (lb.)	14,795	15,936	8,267	8,658	3,062	2,962	1,748	1,566
Other	—	—	130,580	133,784	—	—	33,050	34,482
Total	—	—	8,531,048	9,000,258	—	—	2,352,513	2,175,725

Trade balance

Items	July-November		November	
	1974	1975	1974	1975
	\$ Mil.			
Agricultural exports	8,531	9,000	2,353	2,176
Nonagricultural exports	32,932	35,337	6,990	7,338
Total exports	41,463	44,337	9,343	9,514
Agricultural imports	4,082	4,029	837	805
Nonagricultural imports	40,704	36,308	8,147	7,177
Total imports	44,786	40,337	8,984	7,982
Agricultural trade balance	4,449	4,971	1,516	1,371
Nonagricultural trade balance	-7,772	-971	-1,157	161
Total trade balance	-3,323	4,000	359	1,532

U.S. Agricultural Imports

Selected commodities	July-November				November			
	1974	1975	1974	1975	1974	1975	1974	1975
	Thous. units		\$ Thous.		Thous. units		\$ Thous.	
Live animals, excl. poultry	—	—	43,177	64,673	—	—	7,006	22,761
Meat and preparations, excl. poultry (lb.)	620,599	757,038	442,969	524,428	133,957	167,532	92,590	121,520
Beef and veal (lb.)	470,808	599,454	297,899	314,569	99,599	134,471	57,190	73,666
Pork (lb.)	133,751	132,161	128,528	191,789	31,067	28,389	31,772	44,366
Dairy products, excl. eggs	—	—	102,254	105,335	—	—	20,696	31,015
Poultry and poultry products	—	—	11,657	11,107	—	—	1,816	2,516
Grains and preparations	—	—	88,532	77,792	—	—	21,635	14,325
Wheat and flour (bu.)	706	79	3,997	518	27	(¹)	166	6
Rice (lb.)	1,091	701	289	230	214	167	47	60
Feed grains (m. ton)	240	148	40,937	25,679	69	18	12,159	3,063
Other	—	—	43,309	51,365	—	—	9,263	11,196
Fruits, nuts, and preparations	—	—	238,677	273,735	—	—	45,335	50,798
Bananas (lb.)	1,667,536	1,765,376	81,582	101,259	360,389	323,488	17,617	18,191
Vegetables and preparations	—	—	115,030	117,091	—	—	25,645	25,778
Sugar and preparations, incl. honey	—	—	1,277,485	845,070	—	—	307,738	101,918
Sugar, cane or beet (short ton)	2,470	2,027	1,198,052	776,456	479	262	288,745	90,526
Coffee, tea, cocoa, spices, etc. (lb.)	1,086,758	1,711,567	692,887	1,049,614	22,553	313,693	134,766	211,241
Coffee, green (lb.)	710,428	1,243,104	419,456	754,251	153,346	209,985	83,852	140,988
Cocoa beans (lb.)	105,412	193,875	76,174	107,930	24,812	41,638	18,953	24,170
Feeds and fodders	—	—	20,726	22,680	—	—	3,505	4,810
Protein meal (short ton)	4	3	504	361	1	2	196	251
Beverages, excl. distilled alcoholic (gal.)	42,977	45,202	144,113	157,794	7,540	10,009	27,569	37,040
Tobacco, unmanufactured (lb.)	127,047	130,337	82,209	102,442	23,423	29,093	15,772	23,124
Hides, skins, and furskins	—	—	53,707	62,609	—	—	9,212	11,688
Oilseeds (lb.)	—	—	18,018	22,472	—	—	3,176	4,872
Soybeans	17	3	5	1	11	—	3	—
Wool, unmanufactured (lb. grease basis)	13,198	23,253	15,426	21,951	1,303	5,351	1,483	5,026
Cotton, unmanufactured (running bale)	23	34	5,498	7,572	4	3	723	267
Fats, oils and greases (lb.)	13,379	11,463	4,216	3,464	2,871	1,988	929	498
Vegetable oils and waxes (lb.)	713,993	1,128,435	289,375	223,105	117,472	361,859	46,205	64,398
Rubber and allied gums (lb.)	629,951	659,288	201,299	163,099	104,164	148,865	29,100	39,061
Other	—	—	234,380	172,578	—	—	42,353	32,289
Total	—	—	4,081,635	4,028,611	—	—	837,254	804,945

¹ Less than 500.

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